

Poland Dissolves Solidarity, Limits New Unions' Scope

By David Storey

WARSAW — The Polish Sejm formally dissolved Solidarity on Friday, ending Eastern Europe's first experiment in trade union democracy that began 26 months ago in the strike-hit shipyards of Gdansk.

Members of Poland's parliament voted overwhelmingly to adopt the measure, which automatically banned all previous labor organizations and established strict conditions for the formation of new ones.

Only 10 deputies voted against the bill. There were nine abstentions. The vote in favor of the measure was 450 to 45.

Solidarity sources said the adoption is certain to cause deep resentment among the nine million Solidarity members, many of whom have campaigned for the union's restoration since it was suspended under the martial-law declaration of Dec. 13.

But the new law was expected to be welcomed by Poland's Warsaw Pact allies, who consistently warned of the danger of Solidarity's radical change and urged a return to orthodox Communist-controlled unions.

Underground sources said there had been a split among leaders of Solidarity over whether to accept the new union structure and hope to adapt it to Solidarity's principles or to boycott it. They said there appeared to be a majority in favor of boycotting the union.

But there was no indication of any plans for demonstrations.

Special security measures were taken at the Sejm as debate began. Police forces were billeted in central Warsaw hotels. Police carefully checked the documents of deputies, diplomats and journalists who attended the session.

The Sejm also passed a bill setting out guidelines for new associations to represent private farmers, whose rights are not covered in the other trade union bill. The farmers, who own three-fourths of Poland's arable land, are forbidden from striking but may take other measures to present their grievances.

Communist members of the legislature and members of associated parties warmly praised the trade union bill. One described it as "innovative, bold and in keeping with international conventions." But an independent member of the Sejm called it a "dangerous tactic" that will not serve the cause of national accord.

The independent deputy, Edmund Osmaczynski, said there had been no consultation with the working class on the draft bill. He

said before the Sejm debate that he would vote against it.

"We need dialogue and social accord above all," he said. "It is not the future of trade unions that is most important in our state but rather the achievement of national unity and accord."

The government has stressed that the new regulations will authorize independent unions and allow strikes. But the measure also leaves open the possibility of Communist Party control over the unions, and says strikes will be permitted only after an elaborate arbitration process has failed.

According to the bill, which was to take effect immediately, workers will be allowed to start organizing unions in individual enterprises in January. Beginning in January 1984, the unions will be allowed to form national structures. As of 1985, inter-union organizations can be set up.

Union members will be permitted to publish their own information circulars, but the bill gives them no special access to the media.

According to the bill, membership of unions will be voluntary. Elections of officials will be by secret ballot.

Those prohibited from setting up unions will be soldiers on active service, police and prison staff, those employed in military units and in organizations controlled by the Interior Ministry.

Those barred from striking will be employees of energy-related industries, of enterprises engaged in producing, storing or distributing food, workers in health services and the state administration and persons involved in broadcasting.

■ ILO Chief Deplores Measure

The leader of the International Labor Organization said before the vote Friday that he has told Poland that any banning of Solidarity would be deplorable. United Press International reported from Geneva.

Francis Blanchard said he told a three-man Polish delegation Tuesday that Solidarity should be asked to comply with the bill before the Sejm rather than be banned.

Mr. Blanchard also said the measure was "severely restrictive on the category of people who have the right to strike and the procedures to be used before applying the right to strike."

■ U.S. Vows Response

The State Department said Friday that "you can be sure the United States will respond" to if Polish authorities ban Solidarity. UPI reported from Washington before the vote was announced.

A spokesman, Alan Romberg, said, "We are deeply concerned about the delegitimation of the Solidarity movement."



Prime Minister Margaret Thatcher received an ovation at the Conservative Party conference after she vowed to keep stringent controls on the economy. From left are Sir Geoffrey Howe, the chancellor of the exchequer; William Whitelaw, the home secretary; and Cecil Parkinson, the party chairman. On Mrs. Thatcher's left is Sir John Taylor, the party president.

Thatcher Vows Firmness on Economy

Conservative Party Conference Ends With Increasing Signs of Division

By Steven Rattner

New York Times Service

BRIGHTON, England — The Conservative Party ended its annual conference Friday with a pledge by Prime Minister Margaret Thatcher not to waver in her tough economic policies, despite the severe recession and rising unemployment.

Standing under the conference slogan, "The Resolute Approach," Mrs. Thatcher told several hundred faithful Tories, "People in Britain have grown to understand that this government will make no false promises, nor will it fail in its resolve."

Her speech had been eagerly awaited as the weekly gathering became increasingly divided over the austere approach of the government.

Peter Walker, the minister of agriculture, broke from the government position Thursday night and called for a more expansionary economic policy coupled with limits on raises.

"Low pay settlements this winter, plus an investment surge, could transform our economic circumstances," Mr. Walker said at a dinner of liberal Conservatives.

"At the very least, it offers a chance to get the economy moving before the next election."

Both the public sessions and the private discussions in Brighton have been almost entirely dominated by the debate over economic policy. Consternation about Mrs. Thatcher's program has risen with

in the party in recent weeks, as her standing in public opinion polls has declined and as signs of economic recovery have become considerably more tentative.

According to a recent poll by Market & Opinion Research International, support for the Conservative Party has dropped from a peak of 48 percent in June, after the Falklands victory, to 44 percent in August. Throughout the Brighton conference, Conservative leaders tried to recall the Falklands spirit.

The speeches by Mrs. Thatcher and Mr. Walker were the culmination of five days of sparring between the liberal and conservative wings of the party. On Monday, former Prime Minister Edward Heath, whose views tend to coincide with those of Mr. Walker, attacked intimations that the Thatcher government would move sharply away from government financing of health and education.

"The real battle is not about the correct apportionment of resources," Mr. Heath said in a television interview. "It is whether we are going to accept stagnation, falling production and cutting back."

A day later, Sir Geoffrey Howe, the chancellor of the exchequer, warned the cabinet that taxes could rise by 30 percent if major reductions in government spending were not made. Without such reductions, he said, government spending could rise by 1990 to 47 percent of the gross national product, a higher proportion than at

any time since the end of World War II.

This year's Conservative Party conference has been particularly closely watched because it may prove to be the last before the next general election. Although Mrs. Thatcher is not obliged to call an election before the spring of 1984, some observers believe she will go to the voters next fall.

"We will not disguise our purpose nor betray our principles," Mrs. Thatcher said in concluding her address Friday. "We will tell the people the truth and the people will be our judge."

Traditionally, party conferences are an opportunity for an incumbent government to announce new policies, usually those that are popular electorally. Friday, for example, David Howell, the minister of transport, announced a variety of highway initiatives, including the authorization of construction of 20 high-speed bypasses intended to keep foot-traffic traffic away from cities.

Michael Heseltine, the secretary of the environment, said at the conference Thursday that he expected £700 million (about \$1.2 billion) in additional investment to be made in city centers over the next two or three years, most of it to come from the private sector.

The firmness of most Tories in the face of 13-percent unemployment and a looming general election has sometimes been startling. Norman Tebbit, the employment

secretary, won a standing ovation Thursday when he argued for more legislation before the election to curb the power of trade union leaders.

And he was enthusiastically received when he told the group, "The most privileged trades union movement in the world, commanding a huge conscript army in the closed shop, has failed its members. It has left them near the bottom of the productivity league, condemned to see the big pay rises wiped out by inflation."

Arabs to Consult On Ejecting Israel

Reuters

UNITED NATIONS, New York — Arab members of the United Nations decided Friday to consult other regional groups on a plan to eject Israel's delegation from the General Assembly, diplomats said after an Arab caucus.

They said this was a follow-up to a decision to seek Israel's expulsion made by the Arab League foreign ministers at their meeting recently in Tunis, and the blocking of the Israeli delegation from a meeting of the International Atomic Energy Agency conference in Vienna.

The United States has threatened reprisals against the United Nations, including the withholding of financial contributions, if Israel's delegation is ejected.

Joblessness In U.S. Passes 10 Percent

The Associated Press

WASHINGTON — The unemployment rate nationwide climbed to 10.1 percent in September, the government reported Friday. It was the first time that the unemployment figure had reached double digits since the United States was emerging from the Depression in 1940.

The U.S. Chamber of Commerce, Labor Secretary Raymond J. Donovan and Senator Edward M. Kennedy, Democrat of Massachusetts, all called the figure a "tragedy." Treasury Secretary Donald T. Regan said he hoped that unemployment would begin falling soon, but conceded that no one knew when it would.

In Long Beach, California, President Ronald Reagan pledged to work to find jobs "for all of the 10.1 percent." Referring to the unemployment report, he admonished "those who would try to make a political football out of this cruel fate for so many people."

Mr. Reagan spoke before signing legislation that he said would create hundreds of thousands of jobs at no cost to U.S. taxpayers. The Export Trading Company Act, introduced in 1980 and endorsed by the Carter administration, is intended to help U.S. exporters.

NYSE Extends Record Advance

The rise in U.S. unemployment failed to dampen the rally on Wall Street. New York stocks extended their gains for a third consecutive day, with the Dow Jones industrial average rising more than 20 points.

Meanwhile, the Federal Reserve announced after the market's close that it had cut the discount rate, the fee it charges on loans to commercial banks, to 9 1/2 percent from 10 percent.

and sewage systems are aging. Our rail track beds and mass transit systems are deteriorating. There is plenty of work to be done — and plenty who want to work."

Senator Kennedy said it was "time for the country to tell the president that his administration has flunked the course."

The unemployment report was certain to affect the fall congressional elections, now less than a month away.

In Hot Springs, Virginia, the Business Council, composed of the heads of 200 major corporations, predicted that recovery from double-digit unemployment will be painfully slow. Many of the executives said that they expected the unemployment rate still to be about 8.5 to 9 percent at the end of 1983.

Meanwhile, House Speaker Thomas P. O'Neill Jr. directed Congress's Joint Economic Committee to hold hearings on the state of the economy, despite the congressional election recess. Mr. O'Neill indicated that the Democratic House leadership would propose an emergency program to deal with high unemployment and other economic problems when it returns from the recess.

■ Canadian Unemployment Drops

The number of unemployed in Canada fell by 45,000 last month, but 12.2 percent of the work force is still unemployed, according to official statistics published Friday and reported by Reuters from Ottawa.

■ Record W. German Rate Seen

West Germany's unemployment rate is likely to reach a record 10 percent, or 2.5 million, by the end of this year and to continue rising in 1983, Reuters reported Friday from Kiel, citing a report by the Kiel Institute, a leading West German economic research organization.

German Sees Flexibility on Pipeline Ban

Compiled by Our Staff From Dispatches

BOON — The United States is prepared to discuss with its West European allies ways of ending sanctions against providing material for the Soviet Union's Siberian natural gas pipeline, West Germany's economics minister, Otto Lambsdorff, said Friday.

Mr. Lambsdorff said in a radio interview that West Germany's foreign minister, Hans-Dietrich Genscher, learned of the U.S. willingness in New York, where he met with Secretary of State George P. Shultz on Tuesday.

"We hope a combination of legal steps and political persuasion will be able to bring about the lifting of the sanctions, but this will not come about too quickly," Mr. Lambsdorff said.

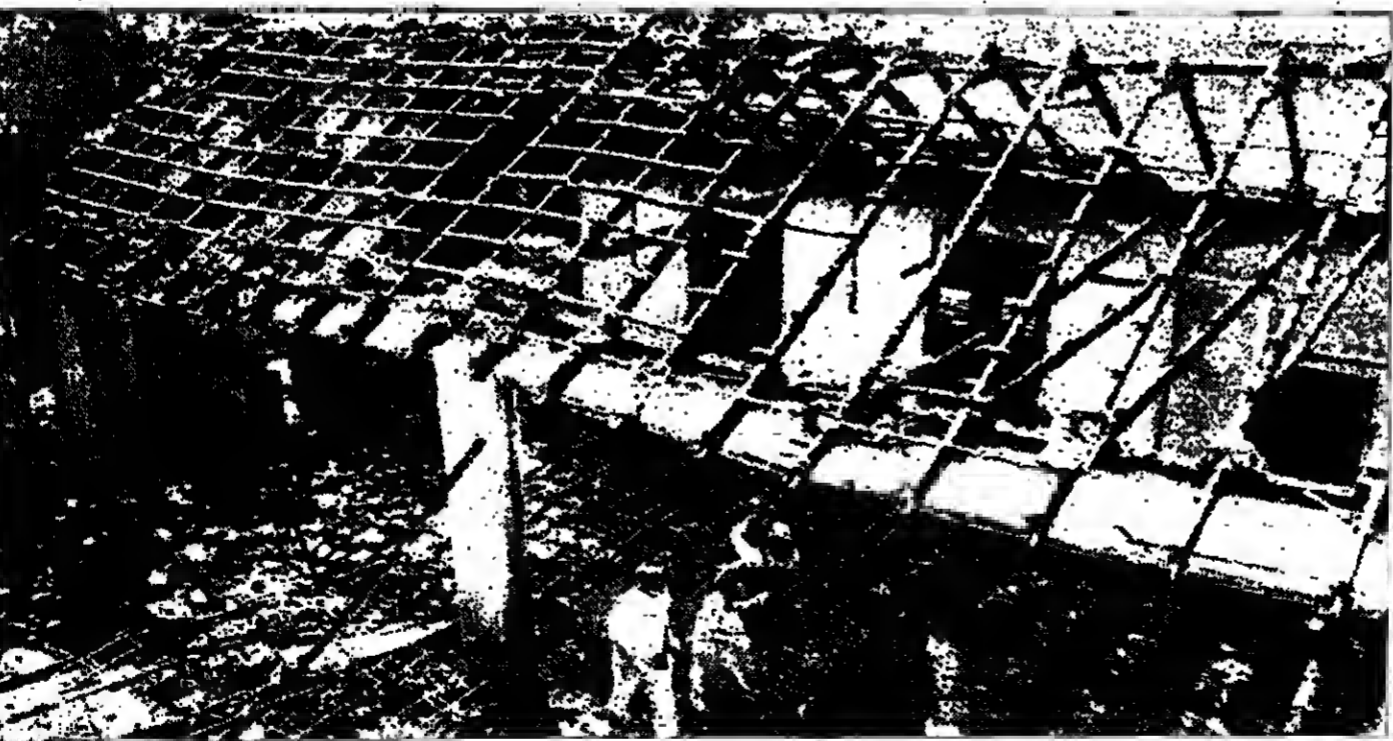
West Germany's new conservative-led government has said it will respect existing contracts for the pipeline, but urged better consultation within the North Atlantic Treaty Organization to avoid such major policy rifts in the future.

West Germany has also made clear its readiness to discuss tougher rules on the export of strategic goods to the Soviet bloc.

But Mr. Lambsdorff said that not only the Consultative Group Cooperation Committee, known as COCOM, but also Japan and other neutral countries, would have to be involved in any further moves to restrict the flow of sensitive Western technology to the Soviet bloc.

President Ronald Reagan has said that the gas pipeline, still under construction, would make Western Europe too dependent on the Soviet Union for energy supplies. But in Washington on Friday, the head of the Dutch natural gas industry said his country's normal production of natural gas could go up 80 to 100 percent if necessary to replace any Soviet deliveries through the pipeline.

"Dependence on Soviet gas is not in my honest opinion a justifiable issue," Hendrik Vonnhoff said in the National Press Club.



CHAPEL IN JERUSALEM BURNS — The chapel of a Baptist church in Jerusalem was destroyed by fire Friday, and police say they suspect arson. The pastor says the church has been a target of violence and vandalism since 1974. Page 2.

Israel Still Insists That PLO Leave Lebanon First

By Edward Walsh

Washington Post Service

JERUSALEM — Israel hardened its bargaining position Friday in the negotiations for a troop withdrawal from Lebanon.

A statement issued by the Foreign Ministry said that reports that Israel was backing down on its demand that the remaining Palestine Liberation Organization forces leave Lebanon before Israeli forces start to withdraw were "without foundation."

"Israel is continuing to insist that the terrorists be the first to leave all of Lebanon," a spokesman said. The Israeli government refers to the PLO as terrorists.

The statement, issued with the approval of top government officials here, contradicted the position voiced earlier this week by Foreign Minister Yitzhak Shamir at the United Nations in New York.

In an interview with The Washington Post, Mr. Shamir said that Israel was willing to consider a simultaneous withdrawal of Israeli, Syrian and Lebanese forces. He also said that Israel's call for the withdrawal from Lebanon.

U.S. Marines' role in Beirut is mostly a symbolic one. Page 2.

PLO forces to leave Lebanon before the Israelis or the Syrians was not a firm demand but was subject to negotiations.

The foreign minister's statements gave rise to considerable confusion regarding the Israeli negotiating position and may have reflected some uncertainty within the government of Prime Minister Menachem Begin.

They also led to reports in the Israeli press that Israel had bowed to a demand by the United States that it not complicate the troop withdrawal negotiations by insisting on preconditions such as that the PLO fighters withdraw first.

The Foreign Ministry statement Friday appeared to represent a victory for hard-liners in the Begin government, including Defense Minister Ariel Sharon, whose primary goal remains the removal of all Palestinian forces from Lebanon.

U.S. officials have emphasized the importance of arranging a rapid troop withdrawal to prevent renewed instances of fighting that could erupt into full-scale warfare.

Even in the event of a troop withdrawal agreement, it remains unclear how the Israelis intend to verify that the PLO fighters have left Lebanon. Asked about this Friday, officials here referred vaguely to the desire of the Lebanese government to see the Palestinians go from Lebanon. Israel estimates that 4,000 to 5,000 guerrillas are stretched between the northern

port city of Tripoli to the Bekaa Valley in the east.

In another development Friday, Israeli officials presented U.S. Ambassador Samuel W. Lewis with an analysis that estimates Israel will need \$3.18 billion in fiscal 1984 aid, including \$1.96 billion military and \$1.22 billion economic. They emphasized that Israel would not ask the United States to share the cost of the war in Lebanon.

Israel requested \$3.08 billion in aid for fiscal 1983, which began Oct. 1. But the request was reduced to \$2.48 billion by the Reagan administration and has yet to be approved by Congress.

■ Beirut Neighborhood Razed

William E. Farrell of The New York Times reported earlier from Beirut:

Bulldozers, guarded by Lebanese soldiers, razed dozens of shops and dwellings Friday be-

longing to Shiite Muslims who had settled illegally in the town of Borge. Barjani on the southern outskirts of West Beirut as long ago as the 1975-76 Lebanese civil war.

At the same time, the Lebanese Army continued for the fourth consecutive day their sweep of sections of West Beirut in search of weapons and persons without proper identity papers.

■ Israeli Army Jails Looter

The Israeli military command, conceding some cases of looting in Lebanon, announced Friday that an Israeli soldier had been sentenced to three and a half years in jail for stealing goods from a store in a village east of Beirut, United Press International reported from Tel Aviv.

The command said the army private was among three soldiers who stole goods worth hundreds of thousands of shekels in Aley.

Sweden Freezes Prices, Devalues Its Currency

Reuters

STOCKHOLM — Prime Minister Olof Palme announced a 16-percent devaluation of the krona and an indefinite price freeze Friday as part of a broad program to bring Sweden out of its economic crisis.

Mr. Palme, a Social Democrat, who returned to power Thursday after six years in opposition, announced the measures in his inaugural address to the parliament, the Riksdag.

The devaluation of the krona against world currencies was necessary, the first hints that the currency might be devalued came only Thursday when the incoming finance minister, Kjell-Olof Feldt, briefed his Scandinavian counterparts at a meeting in Stockholm.

The immediate freeze on prices was imposed to postpone the inflationary effects of the devaluation.

Financial banks suspended trading after the announcement, prompting market speculation that a second devaluation of the Finn-

ish markka was imminent after Wednesday's 4-percent devaluation.

Norway and Denmark said they would not devalue their currencies, and a statement issued by the Norwegian government attacked the Swedish devaluation as a severe setback for Nordic cooperation.

Sweden's decision was prompted by the need to cut costs and improve competitiveness in exports, Mr. Feldt said.

He said that Sweden would begin to feel the benefits of the devaluation in two to three years and that an improvement in Sweden's economy could prompt a revaluation of the krona later. He did not elaborate.

Earlier, Mr. Palme told the Riksdag that Sweden's economy was seriously unbalanced, with rising unemployment, low industrial productivity, heavy foreign debts and lack of investment. The national unemployment rate is at a 21-year high of 3.7 percent, and inflation is at 8.5 percent a year.

Outlining his government's four goals for improving the economy, Mr. Palme said unemployment would be attacked, inflation checked, foreign borrowing reduced and resources shared more equally.

He said that welfare benefits cut by the preceding center-liberal coalition of Thorbjörn Fälldin would be restored and that taxes on the highest incomes would be increased in compensation.

Mr. Palme made only a brief reference to his party's proposal to establish compulsory savings and investment funds to buy into private industry, which was a prominent part of his election campaign. The idea proved unpopular with the majority of voters before the election, and political analysts said it was likely to be shelved.

Mr. Palme said only that wage-carner funds were important to secure investment and increase worker participation in industry, and he reiterated an earlier promise to consult Sweden's other political parties before introducing the funds.

INSIDE

■ Belgium's municipal elections Sunday are being portrayed by opposition parties as a national appraisal of the 10-month-old government and the economic austerity program it has imposed. Page 4.

■ North Vietnam's conquest of the south is denounced by Truong Nhu Tang, a founder of South Vietnam's National Liberation Front who fled to the West in 1979. Page 6.

■ A touch of neo-McCarthyism is troubling the efforts of a U.S. peace group founded by the wife of a senator. Page 5.

Lord Noel-Baker Dies at 92; Won Nobel Peace Prize

The Associated Press

LONDON — Lord Noel-Baker, 92, an Olympic athlete and Labor Party stalwart who was awarded the Nobel Peace Prize in 1959, died Friday at his London home, his family announced.

A lifelong campaigner for peace and disarmament, he said on his retirement from the House of Commons at the age of 80: "While I have the health and strength, I shall give all my time to the work of breaking the dogmatic sleep of those who allow the nuclear, chemical, biological and conventional arms race to go on."

He was awarded the Nobel Prize for relief work during the Russian famine in the 1920s, his work as an official and ardent supporter of the League of Nations and his efforts for disarmament.

Born Philip Baker, he added Noel to his name when he married Irene Noel in 1915. She died in 1956. Their son Francis is an author and former Labor member of the House of Commons.

Noel-Baker competed in the Olympic Games of 1920, 1924 and 1928 and won a silver medal in the 1500-meter run in 1920. He was elected to Parliament for the Labor Party in 1929 and re-elected until 1970 when he retired from politics. Queen Elizabeth II made him a life peer in 1977 as Baron Noel-Baker of Derby.

Hussein Gives Amnesty To PLO Fighters in Reconciliation Effort

By Henry Tanner
New York Times Service

PARIS — King Hussein of Jordan, in a move intended to smooth his tense relationship with the Palestine Liberation Organization, has announced an amnesty for hundreds of Palestinians charged with having committed "crimes against state security" in Jordan during the civil war of 1970.

The amnesty is seen as part of the king's plan to achieve not only a reconciliation with the PLO but to lay the groundwork for a Palestinian-Jordanian federation that would come into being after the withdrawal of Israel from the West Bank and Gaza under an overall Middle East settlement.

King Hussein opened his campaign in a public speech last month and followed it up in several newspaper interviews. He said that consultations with the PLO had begun and that he was expecting to receive Yasser Arafat in Amman later this month for intensive negotiations.

The date for Mr. Arafat's visit has not been announced in keeping with the PLO leader's habit of moving rapidly without previous announcement to reduce the danger of attack on his plane or car. The amnesty constitutes a departure from long-standing Jordanian policy. In the past, Jordanian officials have said that court cases arising from the 1970 war between the PLO and the Jordanian Army would never be dropped for political reasons. They said that normal judicial procedures would be followed but that the defendants could expect lenient verdicts.

The amnesty is believed to affect several hundred Palestinian fighters who went to Lebanon after 1970 and who are now dispersed throughout Arab countries. Many of these are thought to carry Jordanian passports, but very few, if any, returned to Jordan after the evacuation of Beirut even though many have families in Jordan. The amnesty evidently is intended to make such a return possible.

Political observers in Amman have been expecting the king to make conciliatory gestures toward the Palestinians for some time. Other moves may take the form of bringing politicians into the government who have good relations with the Palestinians. The present prime minister, Murad Badran, is not liked by militant Palestinians.

King Hussein, in an interview with The New York Times and The London Times two weeks ago, conceded past bitterness in his relations with the PLO but described the relationship between Jordan and the Palestinians as "the most meaningful, constructive and enduring relationship between any members of the Arab family."

The king said that the two partners in the proposed federation would "maintain their respective identities and their right to self-determination." He did not say how his proposal differed from the Palestinian call for an independent Palestinian state and from President Ronald Reagan's proposal for an "association" between Jordan and the West Bank and Gaza.

Mr. Reagan in a speech of Sept. 1 proposed a key role for Jordan in future negotiations for a Middle East settlement. King Hussein, who was consulted by U.S. diplomats before the speech, welcomed the Reagan initiative and called on the Arabs to seize the opportunity even if some parts of the statement were "vague or negative."

At the same time, King Hussein has made it clear that he feels bound by the Arab summit decision making the PLO the sole representative of the Palestinian people and that he will not act without the assurance of continued political and financial backing by Saudi Arabia and other moderate Arab regimes.

King Hussein appears to feel that the only promising avenue of progress lies in a reconciliation between him and Mr. Arafat that would enable them to come up with a common position on Mr. Reagan's initiative.

U.S. Ex-Officials Extend 'No First Use' Proposal

Washington Post Service

WASHINGTON — Three former top government officials who called in April for the United States to renounce first use of atomic weapons in a war have widened their proposal and called for "no hasty second use" either.

The idea, laid out in a speech Thursday by Robert S. McNamara, secretary of defense in the Kennedy and Johnson administrations, is that there must be "no spasmatic nuclear response" to any country's first use of a nuclear weapon "until it has been determined beyond any possible doubt" that the explosion was "intentional and purposeful."

Mr. McNamara claimed that the United States had neglected the improvements necessary to insure communications between the leaders of atomic superpowers in such a crisis and the provisions to protect the authorities who could, in effect, call off a nuclear war.

The Reagan administration has requested \$18 billion for improvements to the so-called command and control matters over the next several years, continuing a trend set in motion during the Carter administration.

Mr. McNamara, McGeorge Bundy, who was White House national security adviser during the Kennedy and Johnson years, and Gerard Smith, chief delegate to the U.S.-Soviet strategic arms limitation talks under President Richard M. Nixon, were honored Thursday in Washington as recipients of the \$50,000 Albert Einstein International Peace Prize.

The three, along with George F. Kennan, a former ambassador to the Soviet Union, published the first-use article in April's edition of the quarterly journal Foreign Affairs. Because Mr. Kennan won the peace prize last year he did not share in this year's award.

In the article, which became the subject of considerable discussion and controversy in the United States and abroad, the authors argued that renunciation of the first use of atomic weapons would reduce both the fear and the likelihood of nuclear war, and would provide the basis for strengthening conventional forces and political unity within the Atlantic alliance that could counter the Soviet threat.

U.S. policy for three decades has been based on the idea that the first-use threat keeps the numerically superior Soviet-led Warsaw pact conventional forces at bay.

Mr. Bundy claimed that the authors were more convinced than ever that their call for a study of the renunciation of first use was necessary and had support, even though there had been no official government support in Washington or much in Western Europe.



Almad Hassan, 68, a Lebanese citizen whose house in West Beirut was damaged during fighting between Israelis and Palestinians, told reporters through his shattered windows Friday that he was ready to start a new life now that the war was over.

Marines' Job in Beirut: 'Just Standing There'

Hope Seems to Be That U.S. Presence Alone Will Help Lebanese Army

By David B. Ottaway
Washington Post Service

BEIRUT — U.S. Marines sent here as part of the multinational peacekeeping force have settled in at Beirut's international airport, where they are the least visible, and probably the least busy, of the three contingents making up the 3,950-member body.

Their role in the capital is unclear. But it seems to involve the hope that their mere presence will help the Lebanese Army regain confidence after seven years of doing virtually nothing.

In fact, each of the three participating nations appears to have defined its mission in a separate and somewhat different way.

The 1,650 French troops can be seen all over the capital, in the Christian eastern sector as well as the Moslem western one, riding in jeeps, trucks or armored cars or just standing at street corners in twos and threes.

Their obvious intent, as French officials readily confirm, is to restore a sense of security to the civilian population. But they have also actively aided the Lebanese Army in reasserting its authority over the capital, to the point of searching cars for arms at checkpoints.

The 1,100 Italian marines and paratroopers are concentrated in and around the three Palestinian camps of Sabra, Chatila and Borge.

Jerusalem, a Baptist chapel in Jerusalem, whose congregation had grown from 35 to 350 in recent years, was destroyed by fire early Friday and police said they suspected arson.

The pastor, the Reverend Robert Lindsey, said that a library in an adjacent church structure had been demolished by arson in 1974, that a mail bomb had exploded against an outside door in 1978 and that windows had been broken and slogans daubed on walls since then.

The fire, which started after midnight, turned the recently expanded chapel into a shell. The damage was estimated at \$50,000.

There have been occasional attacks against religious institutions in Jerusalem through the years.

Mr. Lindsey, a native of Norman, Oklahoma, denied that his church was proselytizing. "If that means spending money to persuade people to change religions, we're dead against it," he said.

The chapel contained simultaneous translation equipment for a congregation that Mr. Lindsey said has represented 12 to 15 countries, including 25 to 30 Israelis. The Reverend Wesley Brown, a pastor who works at Jerusalem's Ecumenical Institute and who is associated with the Baptist group, said, "The service is mostly in English with some Hebrew and is translated into Dutch, German and French."

Mr. Lindsey, who came to Jerusalem in 1943, said the church, which also contains a kindergarten and garden area, is in a quiet Jewish residential neighborhood. "Our neighbors have been very supportive and some came in to me this morning with checks, so we could begin rebuilding," he said.

"The municipality has been very anxious to maintain the peace, and they work hard at it," he said, referring to the city of Jerusalem and Mayor Teddy Kollek.

Prime Minister Menachem Begin issued a statement during the day, saying, "If it was arson it is a malicious crime that should be condemned in the strongest terms."

Joseph Borg, minister of interior, police and religious affairs, visited the destroyed chapel and told the pastor, "We are very unhappy about what happened and are 'always disturbed about such incidents in Jerusalem, a city of peace.' Mr. Borg denied that the government had not acted firmly against religious fanatics, saying we are against such violence regarding differences of religious traditions, even among Jews."

Margaret Lindsey, the pastor's wife, said that a neighbor awakened by a barking dog had turned in the alarm.

When the library room for Bible school workshop was burned out in 1974, she said, it was linked to a fire that same night in the Swedish Theological Institute.

Recent church incidents, Mr. Lindsey said, included the painting of swastikas on the building and the distribution of posters and leaflets in Mea Shearim, the city's ultra-Orthodox Jewish section.

The posters were against the Hare Krishnas, the Baptists and others, warning people not to have anything to do with them, Mr. Lindsey said.

Mr. Brown said the police had discovered kerosene or gasoline in the water used to save the adjoining building. Three men detained for loitering in the area were later released, a police spokesman said.

The idea, he said, is to help establish "the proper environment" in which the Lebanese Army can reassert its badly bruised authority at the airport and in the capital.

Above all, the marines are not involved in providing "security" at the airport, a task that Colonel Mead said belonged solely to the Lebanese Army.

"We are not in effect defending anything," he said. "We are just standing there actively watching to see that the stability in the area is maintained."

If the marines see something unusual, such as unidentified armed elements, the information is passed on to the Lebanese Army and the peacekeeping force's command, Colonel Mead said. "But it is up to the Lebanese armed forces to take action in that regard," he said.

So far there has been one such incident, a group of Christian militiamen sighted near the Lebanese University east of the airport.

In addition to observing, the marines' main activity is clearing mines and unexploded ordnance from the airport grounds, the coastal road alongside it, and the university.

Colonel Mead said his troops had already discovered everything from 155mm shells to blasting caps to the deadly cluster bombs known as "birds" — one of which exploded the second day the marines were here, killing one of them and wounding three.

The colonel said the marines had uncovered 700 pieces of ammunition, 200 of them in caches. The 50 types of munitions recovered were from nine nations.

Colonel Mead said that the marines, in their time days in Beirut, had encountered "no trouble whatsoever," and he described the working relationship with the Lebanese Army as "wonderful."

"There is a feeling of rebirth and hope," he said.

The largest apparent problem for the marine force is finding quarters. They are camped in shell-blasted and burned-out buildings in and around the civil aviation center and firefighting school adjacent to the main airport terminal.

There are three companies living in tents along one of the crisscrossing runways and other units along the airport's southern edge, where they overlook an Israeli unit about 300 yards away.

Colonel Mead said he had had no contact with the Israeli soldiers. At first the Israeli unit pointed two tanks toward the marines. Negotiations to remove the tanks were carried out through diplomatic channels rather than directly, Thursday, the tanks were finally gone.

The colonel said he was looking for more permanent quarters in tents with wooden floors, now that the rains are beginning and there is no sign of an early departure.

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The largest apparent problem for the marine force is finding quarters. They are camped in shell-blasted and burned-out buildings in and around the civil aviation center and firefighting school adjacent to the main airport terminal.

There are three companies living in tents along one of the crisscrossing runways and other units along the airport's southern edge, where they overlook an Israeli unit about 300 yards away.

Colonel Mead said he had had no contact with the Israeli soldiers. At first the Israeli unit pointed two tanks toward the marines. Negotiations to remove the tanks were carried out through diplomatic channels rather than directly, Thursday, the tanks were finally gone.

The colonel said he was looking for more permanent quarters in tents with wooden floors, now that the rains are beginning and there is no sign of an early departure.

WORLD BRIEFS

India Rejects New Controls on A-Fuel

NEW DELHI — India will not accept any new safeguards for the supply of enriched uranium by France to fuel the U.S.-built Tarapur atomic power plant, Foreign Minister Narasimha Rao said Friday. Mr. Rao told the upper house of Parliament, "India will not accept any change... in the Indo-U.S. treaty of 1963." The 30-year treaty covered the supply of enriched uranium to India by the United States. Washington halted the sales two years ago after India refused to agree to international supervision of all its nuclear power plants, as required by a 1978 U.S. law.

President Ronald Reagan and Prime Minister Indira Gandhi agreed two months ago that France could replace the United States as the fuel supplier. France agreed, but asked India to accept the latest International Atomic Energy Agency safeguards on uranium fuel sale, including international supervision of fuel reprocessing even after a fuel supply contract expires.

China Is Said to Set Terms to Russia

TOKYO — A visiting Chinese official was quoted Friday as saying that China has demanded the withdrawal of 600,000 Soviet troops from the Soviet-Chinese border as one of three conditions for improving relations with Moscow.

Wang Bingnan, president of the Chinese People's Association for Friendship With Foreign Countries, made the remark at the opening of a private conference Thursday in Tokyo, a Japanese parliamentary source said.

The source quoted Mr. Wang as saying that the Soviet Union had million troops stationed along its border with China and that China wanted 600,000 of them withdrawn. China's other two conditions were said to be that Moscow withdraw its troops from Afghanistan and that it stop supporting Vietnam's occupation of Cambodia.

Saudi Arabia Deports Khomeini Aide

RIYADH — The Saudi Arabian Interior Ministry said Friday that it had deported the representative of the Iranian leader, Ayatollah Ruhollah Khomeini, to this year's Muslim pilgrimage following a riot by thousands of Iranian pilgrims in Medina Thursday night.

At least 19 persons were injured in the clashes. Saudi Arabians and pilgrims of other nationalities were also involved, the spokesman said. He said Hajjattollah Mohammed Khoinehi had been deported along with 70 aides.

In a statement read over the Saudi state radio, the spokesman said, "Those remaining are warned to refrain from undermining security and to be calm and devote themselves to the pilgrimage, otherwise the punishment will be more severe." The statement was translated into Persian for the 89,000 Iranian pilgrims in Saudi Arabia.

Sweden Says Submarine Still Trapped

BERGA NAVAL BASE, Sweden — A foreign submarine is still trapped in the Stockholm archipelago after failing to break through the heavy steel cables of an anti-submarine net, the Swedish Navy reported Friday.

The hunt for the sub by about 40 surface ships and 10 helicopters entered its second week, and the navy dropped more depth charges before dawn, trying to damage the sub and bring it to the surface. Official spokesmen refer to the submarine only as a foreign vessel, but it is widely believed to be from the Soviet bloc.

A navy spokesman, Captain Sven Carlsson, confirmed a report in the newspaper Dagens Nyheter that the submarine had tried to escape Thursday into Mysing Bay but had failed to break through an anti-submarine net across the 500-yard passage. He also confirmed a report that a submarine was detected Thursday trying to get into Horn Bay, apparently to aid the trapped sub.

Fukuda Leads Anti-Suzuki Campaign

TOKYO — Political rivals of Prime Minister Zenko Suzuki opened a campaign Friday to topple him, citing "grumblings from across the nation" as proof of his failure to cure Japan's economic ills.

The charge came in the face of a government decision to spend \$7.6 billion to revitalize the economy. Former Prime Minister Takeo Fukuda led the anti-Suzuki camp at a book publication ceremony attended by a faction from the ruling Liberal Democratic Party.

"We may be outnumbered, but listen to grumblings from across the nation on Prime Minister Suzuki's failures to handle the economy," Mr. Fukuda said. "The nation needs a leader who knows how to rebuild the nation's ailing economy," said Toshiro Komoto, director-general of the Economic Planning Agency.

Mitterrand Denounces Role of Dollar

KINSHASA, Zaire — Presidents Francois Mitterrand of France and Mobutu Sese Seko of Zaire jointly denounced Western economic policies on Friday, and called for a greater control over world money and commodity markets.

Mr. Mitterrand, in an allusion to the U.S. dollar, denounced the existence of a "dominant unit of currency" in the world, a "speculative currency" that, he said, "weighs heavily on those who have to pay for primary products."

Both Mr. Mitterrand and Mr. Mobutu spoke at the opening of the 9th French and African summit meeting attended by 43 countries. Mr. Mitterrand, who stopped here on the third leg of an African tour, is a frequent critic of U.S. monetary and economic policies. Zaire is heavily in debt to Western banks, and an emergency banking conference is to be held here Monday to discuss Zaire's decision to stop paying off its international loans.

Compiled by Our Staff From Dispatches

Agreements Improve India-Bangladesh Ties

By William Claiborne
Washington Post Service

NEW DELHI — Relations between India and Bangladesh, strained for several years over border disputes, appear to have improved markedly with the signing of agreements on several issues, including an interim accord on sharing the waters of the Ganges.

The agreements, signed Thursday, followed two days of meetings here between India's prime minister, Indira Gandhi, and Bangladesh's military ruler, Lieutenant General Hussain Mohammed Ershad. The talks were the first in eight years between leaders of the two countries.

Expansion of the flow of the 150-mile (240-kilometer) stretch of the Ganges that runs through Bangladesh was not definitively resolved. Increased flow of the river in Bangladesh is regarded by most development experts as essential to its chances for self-sufficiency.

But both sides agreed in a joint communiqué to set an 18-month deadline for completion of feasibility studies and implementation of a resulting water flow plan. This would take place without additional political discussions.

Mrs. Gandhi and General Ershad also agreed that adjustments will be made in the daily water flow schedule from India's Farakka Barrage, a dam across the Ganges west of the Bangladesh border. But there will be no increase in the total flow until a permanent solution is found.

India has resisted diverting more water from the Ganges through a canal north of Farakka that connects the Ganges and a branch, the Hooghly. It has said that more water in the Ganges is necessary to keep the port of Calcutta free of silt.

Heavy silting has already made it impossible for large ships to reach either Calcutta or Haldia, a container port 55 miles downstream, for four months of the year.

The water flow has long been a volatile political issue between India and Bangladesh. Both countries have offered plans that have been unacceptable to the other. India proposed a canal that would connect the Ganges and Brahmaputra rivers and feed surplus water into the Ganges, but Bangladesh rejected the plan. It said that although the canal would run through Bangladesh and displace 50,000 persons, it would be controlled at both ends by India.

Bangladesh suggested that a series of dams and reservoirs be built with Nepal in the upper reaches of the Ganges to increase the flow. But India said this would unnecessarily bring in another country.

Recent political instability in Bangladesh, including General Ershad's seizure of power in a bloodless coup in March, has heightened anxiety over the dispute in Dacca. From India's viewpoint, the Bangladesh government has been seen as exploiting Indian sentiment over the issue to divert attention from the political turmoil.

After Pakistan lost a war with India in 1971 and East Pakistan gained its independence to become Bangladesh, the new nation's relations with India appeared to be based on gratitude. But after the assassination of Sheikh Mujibur Rahman, the country's first leader in a coup in 1975, tensions began to develop. They became particularly acute after Indian-trained rebels began operating in Bangladesh from across the border.

■ **Early Vote Ruled Out**
General Ershad has ruled out any early return to civilian rule. Bangladesh, Reuters reported Friday from Dacca.

But, speaking upon his return Thursday from the meetings with Mrs. Gandhi, he said elections the local level would be held in year.

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Economy, Security Top Suharto's U.S. Agenda

Los Angeles Times Service

WASHINGTON — Economic progress and military security will be at the top of the agenda when President Suharto of Indonesia meets Tuesday with President Ronald Reagan, according to the United States State Department.

Mr. Habib and U.S. officials emphasized the goodwill aspects of Mr. Suharto's first visit to the United States in 12 years. But the ambassador made it clear Thursday that Mr. Suharto would also be seeking greater access to U.S. markets for Indonesian products other than oil and gas. Americans use about 350,000 barrels a day of Indonesian oil, mostly in California.

Oil exports are deemed too narrow a base to sustain an expanding economy, and Indonesia is seeking to develop sales in the industrial West for its other products, which include textiles and coffee, Mr. Habib said.

On another matter, he rejected suggestions that the Suharto government was lukewarm in its support of moves by the five members of the Association of Southeast Asian Nations to pressure Vietnam into removing its troops from Cambodia.

A U.S. official said meanwhile that the Reagan administration considered Indonesia to be "completely supportive of ASEAN's approach."

The official, who asked not to be identified, said the administration had "no sense at all" that Mr. Suharto would come to Washington with a "shopping list" of hoped-for favors. In the 1982 fiscal year, the United States provided Indonesia with \$67 million in development assistance, \$23 million in shipments under the Food for Peace program and \$40 million in foreign military sales credits, the official said.

Mr. Suharto and his wife, Tien, are on a state visit to Spain. They are scheduled to arrive Sunday in the United States and spend two days at White Sulphur Springs, West Virginia, before flying to Washington on Tuesday. Mr. Suharto is to meet with Mr. Reagan that morning and spend the afternoon with other officials. A state dinner is to be held Tuesday night.

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Cost Estimate Jumps For a Hotly Debated U.S. Anti-Tank Missile

By Morton Mintz
Washington Post Service

WASHINGTON — In May, the Air Force was planning to pay \$2.97 billion for 42,275 Maverick anti-tank missiles in fiscal years 1984-1988. Revising the plan in September, the Air Force forecast paying the same \$2.97 billion — but for 12,025 fewer Mavericks.

In addition, the Air Force calculated in May that the first 490 Mavericks it wanted to buy from Hughes Aircraft Co. would cost \$480,000 each. In September, when it was seeking only 200, the unit cost was \$1.1 million.

The changes were disclosed in an Air Force analysis, one of several Pentagon documents obtained by the Project on Military Procurement. The project, which monitors military programs, released the documents to several reporters.

The Air Force provided an explanation in a Pentagon report to Congress on increases in the estimated costs of 39 major weapons in the quarter ended June 30. The report said the cost of the Maverick grew from \$5 billion to \$6.2 billion — the largest growth among the 39 weapons. The unit cost rose 23 percent.

The Air Force attributed 49 percent of the increase to a slowing of planned procurement, 27 percent to a correction in the way the contractor calculated inflation in prior years, 18 percent to "receipt of contractor quotes that exceeded the original estimates" and 6 percent to "estimating error and changes in support-training equipment."

The Air Force prepared the documents for a review panel led by the undersecretary of defense for research and engineering, Richard D. DeLauer. That body advised approval of "pilot production" of 200 heat-seeking missiles. Defense Secretary Casper W. Weinberger accepted the advice on Sept. 29.

In a memorandum to the Air Force, Mr. Weinberger said he was releasing \$160.2 million in funds from fiscal 1982 for the production of the 200 Mavericks. The memo did not mention \$61 million that had been released earlier for the same missiles.

He also said he planned to limit production in fiscal 1983 to 43 a month, subject to a review on Feb. 1 of the results of further tests. The Air Force had proposed much faster acquisition, starting with a procurement rate two and a half times higher in fiscal 1983.

The Pentagon said the initial 200 missiles would enable the Air Force to test the missiles' reliability. The Pentagon said that it would approve mass production only if Maverick "continues to prove its ability as a cost-effective tactical weapon system" at night, in "limited adverse weather," and in "battlefield haze."

Critics say that five years of testing have failed to show Maverick to be effective in simulated combat conditions even in the daytime, particularly in comparison with a relatively cheap, mass-produced 30mm cannon that destroyed or mobilized all of the 10 Soviet main battle tanks in an operational test.

In March, Anthony R. Battista, the House Armed Services Committee's staff expert on Maverick, warned that the missiles "would probably get more pilots killed than they would kill targets." He said that approval of the 200 initial Mavericks would commit the House to the ultimate purchase of 61,000.

In July, the General Accounting Office urged the Pentagon to delay the initial purchase, saying that five years of operational testing failed to show that Maverick "can be used effectively by U.S. military personnel in combat." It did poorly even when pilots were alerted to "what to look for" and in other "very favorable test conditions," the GAO said.

Starting in February, the Air Force did tests of nine Mavericks. According to a report in the summer, the first eight were found to have a less than 30 percent probability of working properly after being airborne for 14 hours.

Martin F. Chen, the Air Force's acting assistant secretary for research and development, acknowledged that during the tests, the missiles did not meet a target standard of 85 percent reliability. But, he said, "we have had an increase in the trend toward reliability improvements." Mr. Chen said two of the nine shots were unsuccessful, but that seven were direct hits.

U.S. School Says Taiwanese Spy on Fellow Students

United Press International

STANFORD, California — Some Taiwanese students at Stanford University are spying for the Taipei government, according to a university official.

John Goheen, a professor emeritus of philosophy who investigates student complaints for the university, said Thursday, "The objective is to suppress any criticism of the Taiwan regime or dissent from its totalitarian principles." Mr. Goheen said he had seen documentation of a number of complaints.

He said a campus newspaper reported that 11 professionals in the Stanford area had written to Representative Stephen J. Solarz, Democrat of New York, chairman of the House Subcommittee on Asian and Pacific Affairs, claiming that they were "under constant surveillance and harassment by Kuomintang agents. Many of us live in fear of our safety and the safety of our family members."

Indications of "a nationwide surveillance system to keep tabs on Taiwanese students in the U.S." was reported after a 1976 investigation at the Massachusetts Institute of Technology, according to the Stanford Independent. The campus newspaper cited reports of similar activity at several other U.S. universities.

Mr. Goheen said the spying appeared to be conducted by "a limited group" of Taiwanese national students, some students and some not.

U.S. Relaxes Airline Rules On 'Bumping'

By Carol Shifrin
Washington Post Service

WASHINGTON — The Civil Aeronautics Board has relaxed rules for airlines that bump passengers from overbooked flights.

In the future, airline passengers holding confirmed reservations who are not accommodated because their flight has been oversold will not be entitled to any compensation if they are placed on flights scheduled to get to their destination within one hour of the original arrival time.

The board, in a draft of its decision Thursday, defended the change on grounds that passengers delayed an hour are "not seriously inconvenienced." The new rules would eliminate what was called a windfall to passengers who have suffered little damage while encouraging airlines to make efforts to minimize delays, it said.

The rules will take effect around Christmas, 60 days after they are published in the Federal Register.

Now, passengers bumped against their will must be given the face value of their one-way ticket, from a minimum of \$37.50 to a maximum of \$200, even if they are booked on another flight within minutes. If the airline cannot provide alternate transportation to the passenger's destination within two hours of the original scheduled arrival time, compensation to the passenger is doubled. The two hours is extended to four hours on international flights.

The board also decided to eliminate the minimum payment of \$37.50 on grounds that some airlines have introduced regular low fares or special discount fares below that amount.

It also ruled that the compensation rules would not apply to inbound international flights on U.S. airlines, putting them on equal footing with inbound flights of foreign airlines, which are already exempt.

The board retained the other compensation provisions of its overbooking regulations, which require an airline to solicit volunteers for denied boarding — often for free transportation or monetary rewards — before resorting to bumping.

Consumer Group Protests

The Associated Press reported from Washington that an aviation consumer group has warned that the board's decision will result in horrids of passengers being left stranded at the nation's airports.

Matthew H. Fincannon, director of the Aviation Consumer Action Project, said the one-hour rule will result in "a sharp increase in the current bumping rate of 130,000 passengers a year as the airlines adjust to the fact that they can often bump without paying."

The board's view that a one-hour delay is nothing to complain about shows an insensitivity to the fact that a passenger's time is valuable," he said. "A one-hour delay can be a serious inconvenience, can double the length of many trips such as from Washington to New York and can cause a passenger to miss important business and social engagements."

CIA Issues Reports for All Eyes

By Lynn Rosellini
New York Times Service

WASHINGTON — Some of the most popular spy reading in town isn't by John Le Carré or Ken Follet. It's published by the Central Intelligence Agency and is available to anyone who wants it.

Each day, thousands of quiet sleuths employed by the CIA spend their days listening to foreign radio broadcasts at American installations abroad. They also monitor foreign press reports and, when they can hear well enough, television.

The choicest items are transmitted to a central office in Rosslyn, Virginia, where the agency publishes them each weekday in eight daily reports. The information is used not only by the CIA but also by the White House, State Department, Pentagon and other government agencies.

"It's particularly valuable in countries like the Soviet Union and East European areas, where the governments are not open," said Dale Peterson, the agency's spokesman. "It is difficult for us to acquire information from these areas, so we rely very heavily on what they have to say themselves."

Sometimes, the first word in Washington of a change of government abroad comes not from double agents but from CIA translations of radio reports. "When a government is overthrown, the overthrewers make immediately for the radio stations to begin broadcasting their propaganda," Mr. Peterson said.

In many ways, the CIA's monitoring agency, the Foreign Broadcast Information Service, is much like any other news-gathering organization. It has a newswoman and its own 24-hour wire service, as well as everyone else's. It has editors who ferret out the best news items and specialists who write detailed economic and military analyses. It has everything, in fact, but sports and comics.

But, unlike most news organizations, this one does not disclose its circulation, staff size or number of offices abroad. Even the editor's name is a secret, although several service alumni have gone on to become CIA spokesmen, including Mr. Peterson.

The service, which recently celebrated its 41st birthday, grew out of World War II intelligence efforts. Despite the fact that its reports are now available to the public, it still prefers to keep a low profile. Until 1970, reporters who quoted from the Foreign Broadcast Information Service wire were forbidden to name the service as the source.

The eight daily reports, which are broken down by region, are available by subscription through the National Technical Information Service.

Bush to Visit African States

The Associated Press

RENO, Nevada — Vice President George Bush will visit Cape Verde, Kenya, Nigeria, Senegal, Zaire, Zambia and Zimbabwe later this year to discuss bilateral and regional issues, the White House announced here Thursday. No dates were given. The announcement, the Bushes would emphasize U.S. support for regional solutions to regional problems and opportunities.

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"Are You Better Off Today?"



About 35 demonstrators gathered Friday outside the Department of Labor in Washington, after the government announced that U.S. unemployment had reached 10.1 percent in September.

New Right, Though Still a Power, Runs Into Trouble in Campaigns

By Bill Peterson
Washington Post Service

WASHINGTON — In West Virginia, a group called The Bye-Bye-Bird Committee is circulating thousands of copies of a comic book with a cover drawing of Senate Minority Leader Robert C. Byrd wearing a turkey costume, under the headline, "Are You Sure He's Really One of Us?"

In Tennessee, Ed McCauley, head of the conservative Religious Roundtable, has called Democratic Senator James R. Sasser "a murderer" and a man with a "perverted conscience who votes in favor of slaughtering little babies."

In Tulsa, Oklahoma, the National Conservative Political Action Committee has run newspaper advertisements directed against Democratic Representative James R. Jones, the House Budget Committee chairman. The ads say, "Jim Jones and Tip O'Neill: Two of a kind. And neither one represents Oklahoma."

The drumbeats of New Right conservatives are echoing across the United States' political parade ground. In Washington, these groups are richer and louder than ever before; their leaders are courted by the White House and quoted in the press.

Compared with 1980, however, 1982 is not shaping up as a particularly good year for New Right power brokers. Of nine Democratic incumbent senators targeted for defeat by major conservative groups, all but two — John Melcher of Montana and Howard W. Cannon of Nevada — hold comfortable leads. And in the primary election Mr. Cannon defeated a Democrat who was supported by New Right organizations, Representative Jim Santini.

Still, the New Right has had a considerable impact on the politics of 1982.

Representative Bill Chappell Jr., a Democrat supported by some New Right groups, defeated a liberal, Reid Huggins, in the Florida primary runoff Tuesday. Representative Christopher H. Smith, Republican of New Jersey, who was elected two years ago with

the endorsement of the New Right, lost his seat to a Democrat.

Area in Alaska, City in Virginia Lead in Income

The Associated Press

WASHINGTON — Communities in Alaska and the Washington suburbs have the nation's highest incomes, the Census Bureau reported Thursday.

Newly released 1979 income statistics from the 1980 census found the nation's highest per capita income, \$14,948, in the census area of Bristol Bay, Alaska, the nation's largest salmon-fishing area. A distant second in income, at \$12,885 per person, was the city of Falls Church, Virginia.

Alaska officials said Bristol Bay's No. 1 ranking was the result of a statistical quirk. Bill Phillips, a legislative aide to Senator Ted Stevens, Republican of Alaska, noted that thousands of nonresidents come to the area each spring for the salmon run. He said this skews per capita income, which is calculated by dividing all income in a statistical area by the area's population.

Area in Alaska, City in Virginia Lead in Income

The Associated Press

WASHINGTON — Communities in Alaska and the Washington suburbs have the nation's highest incomes, the Census Bureau reported Thursday.

New Right support, is leading in his re-election campaign.

In North Carolina, Republican William W. Cober Jr., an ally of Senator Jesse Helms, moved ahead of incumbent Democratic Representative Ike Andrews after Mr. Andrews was charged with drunk driving last week. (He later pleaded guilty and was fined \$500.)

Mr. Cober, who ran a respectable, but unsuccessful, race for lieutenant governor in 1980, is one of several dozen House and Senate candidates backed by Mr. Helms' Congressional Club, which expects to raise \$10 million for this election.

His impact on the race was clear when the balanced-budget amendment came to a vote in the House last week. Mr. Cober's television

ads had hammered at Mr. Andrews for two weeks for opposing the amendment. Mr. Andrews, who had said privately that he considered the amendment "a sham," suddenly had a change of heart and voted for it, as did the other 10 members of North Carolina's House delegation.

There is little doubt that New Right groups have found themselves on the defensive in 1982 after contributing to the defeat of several liberal Democrats two years ago. Democrats learned tough lessons from 1980. In campaign after campaign, candidates have challenged the New Right.

When the National Conservative Political Action Committee announced that it wanted to test commercials against Senator Edward M. Kennedy in Massachusetts, Kennedy campaign aides warned television stations that they could be held responsible for any inaccuracies in the ads.

To date, not one of the ads has run in the state, according to a committee spokesman, Joe Steffan. As a result, the committee pulled out of the Kennedy campaign after spending \$522,000, he said.

This leaves Senator Paul S. Sarbanes, Democrat of Maryland, as the committee's top target. It plans to spend \$625,000 to \$645,000 in an attempt to defeat him.

Mr. Sarbanes is a liberal, but other New Right targets are moderates. The committee plans to spend \$300,000 to try to defeat Senator Lloyd M. Bentsen, Democrat of Texas, who is considered pro-big business, and \$240,000 to \$300,000 against Mr. Melcher of Montana, even though he supports New Right positions.

The New Right seems at times to be marching toward November with two left feet. The National Conservative Political Action Committee aired a commercial featuring a woman who said that, as "a typical Montana conservative," she couldn't vote for a "big-spending" liberal like Mr. Melcher. It turned out that the woman had just moved to the state, wasn't registered to vote and had never heard of Mr. Melcher before she appeared in the ad.

There are also wives of Democratic governors, such as Dorothy Lamm, wife of Richard H. Lamm of Colorado, and Sharon Percy Rockefeller, wife of John D. Rockefeller 4th of West Virginia. Rosalynn Carter, the wife of former President Jimmy Carter, is also in the group.

A former schoolteacher who has memories of the "duck and cover" during the cold war era of the 1950s, Mrs. Bumpers said she tried to alleviate her third grader's fear of war by pretending that the drills she was leading them in were for tornadoes. It never sat well with her.

Two years ago she decided she needed to know more about the arms race. She started to educate herself. Last winter she went back to Arkansas, enlisted 35 of the state's "most prestigious" women to help and held an organizational meeting.

Once the effort in Arkansas was under way, Mrs. Bumpers turned her attention to other states. In Washington, she, Teresa Heinz and several other women invited Senate wives to the Heinz home to see a film on nuclear war. "It was across the spectrum, and 55 of them came. I was very surprised," Mrs. Heinz said.

Her associates include other wives of Senate Democrats, such as Niki Tsongas, wife of Paul Tsongas of Massachusetts; Barbara Levin, wife of Carl Levin of Michigan; and Barbara Eagleton,

In the U.S., the Jobless Seem Skeptical About Protesting at the Polls

By Hedrick Smith
New York Times Service

ELIZABETH, New Jersey — After working 29 years for the Singer Manufacturing Co., Albert Fehrenbacher found himself in an unemployment line the other day for the first time. "I'm giving up voting for the rest of my life," he said ruefully, "because I don't trust politicians."

"When they campaign, they promise this and that, but when they get in office, they do something different," the 64-year-old machine operator said. "With Reagan, he's cutting some programs, which I feel is right, but he's cutting other jobs and it isn't right."

By midmorning Thursday, about 700 men and women were standing in the muggy warmth of the Union County employment office here to claim unemployment benefits. Many seemed to share Mr. Fehrenbacher's skepticism toward the importance of this fall's congressional elections, reinforcing conventional political wisdom and official government findings that "the unemployed don't vote," at least not as heavily as do people with jobs.

Slightly fewer of them than two dozen persons interviewed here and at the state employment office in Newark talked of voting for Democratic candidates in November. A few said they were willing to give the Reagan economic program more time. But at least half said they had no intention of voting.

With 11.3 million people out of work throughout the United States, and unemployment a major political issue, the attitudes of the jobless could be a critical factor in the elections, especially in economically hard-hit states.

Some Democratic campaigns and independent groups have been registering the unemployed to vote.

Project Vote, a nonpartisan effort with \$35,000 in donations from labor unions and slightly more from private foundations, says it has registered more than 80,000 people who were standing in lines for unemployment, food stamps and welfare benefits in New York, New Jersey, Pennsylvania, Maryland, Ohio, Indiana and Michigan.

"Our objective is to increase electoral participation by those who participate least and are most in need of an equal voice at the polls, and that means low-income people and unemployed workers," said Sandy Newman, the group's executive director.

But privately, both Democratic and Republican strategists are skeptical that these efforts will produce a large turnout among the jobless.

"It's a real challenge to get those people to the polls because they become so alienated, especially if they've been unemployed for any length of time," said a labor official in Michigan. He said that even a politically active union like the United Auto Workers in Michigan would have trouble getting its 200,000 unemployed members to the polls.

"I don't want to sound callous or uncaring, but the hard facts are that the relatively disadvantaged are the least likely to vote," said a senior official of the Republican National Committee.

"The evidence appears to be that they don't vote very heavily," said Gene Eidenberg, director of the Democratic National Committee. "One reason is that losing your job is such a devastating blow both economically and psychologically that people are depressed and focused on getting more work rather than voting."

Reports from the Bureau of the Census bear out this assessment. In 1978, the bureau reported, 47 percent of people with jobs claimed to have voted, as against 27 percent among the jobless; in 1980, the figures were 62 percent among the employed compared to 41 percent among the unemployed.

"I'm not voting this fall," said Richard McCracken, an oil pollution control worker laid off in April by the Clean Venture Co. in Perth Amboy, New Jersey. "I'm going to Tampa to look for a job. I can't find anything here."

Although volunteers were registering people on the spot, many people did not want to take the few minutes needed to sign up. "I can't right now," Beatrice Rieder, a 56-year-old legal secretary, said after a five-minute interview. "I've got a dental appointment."

Others, however, felt strongly enough about the economy to want to register their discontent this fall. "I think Reagan messed everything up," said William Rancey, 27, who worked five years for the Newark, New Jersey, Water Department before being laid off in December.

"It's the first time I ever got laid off," Mr. Rancey said. "I'm going to vote against him. I'll vote for the Democrats; I don't care who it is."

However, several said they were not swayed by the efforts of Democrats to blame Mr. Reagan's policies for the state of the economy, or by the president's reply that the "economic mess" was the work of the Democrats.

"They're both trying to pass the buck," said Robert Thompson, a 27-year-old machine operator laid off in May by Corning Fibers Glass in Kearny, New Jersey. "Both parties have a legitimate reason for saying what they do. I don't think that's the issue. But since the Republicans have the seat now, people should have more confidence in them and give them some more time."

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1982 Readership Survey



Reading

- 01** Which issues of the International Herald Tribune apart from today's have you read or looked at in the last week?
- | | | | |
|------------|---------|------------|---|
| 6 out of 6 | 23 (11) | 3 out of 6 | 5 |
| 5 out of 6 | 13 | 2 out of 6 | 6 |
| 4 out of 6 | 4 | 1 out of 6 | 8 |

- 02** Where did you obtain this copy of the newspaper?
- | | | | |
|--------------------------------------|---------|---------------------|----|
| Postal subscription at home | 23 (12) | Bought at newsstand | 26 |
| Postal subscription at place of work | 16 | Aeroplane | 4 |
| Home delivery | 7 | Elsewhere | 3 |
| Office delivery | 11 | | |

- 03** Which of these sections do you usually read or look at?
- | | | | |
|----------------------|---------|--------------------------|----|
| Front page news | 28 (13) | Comics/cartoons | 26 |
| Editorial page | 7 | Sport | 4 |
| Business and Finance | 73 | Arts, leisure | 63 |
| Editorial | 28 | Special supplements | 51 |
| Tabular | 28 | Back page | 8 |
| Syndicated loans | 14 | (Saffire/Buchwald/Baker) | |
| Eurobonds | 14 | | |

- 04** Who else reads or looks at your copy of IHT? (Check all that apply)
- | | | | |
|-------------------------------------|---------|-----------------------------------|----|
| No-one else | 26 (14) | One business colleague | 13 |
| Husband/wife | 45 | Two business colleagues | 7 |
| One other household member | 10 | Three or more business colleagues | 7 |
| Two or more other household members | 4 | Other people | 8 |
- Average readers per copy: 2.4



Travel

- 05** a) Approximately how many trips by air have you made during the last 12 months? (count each round trip as one)
- | | | | | |
|------|-----|-----|-------|-----|
| None | 1-5 | 6-9 | 10-20 | 21+ |
| | 6 | 37 | 18 | 23 |
- Base: all respondents
- b) Of these round air trips how many were for business or professional purposes?
- | | | | | |
|------|-----|-----|-------|-----|
| None | 1-5 | 6-9 | 10-20 | 21+ |
| | 12 | 37 | 16 | 22 |
- Base: all air travellers

- 06** Approximately how many visits have you made by air, for business purposes, to each of these destinations in the last 12 months?
- | | Have visited at least once |
|--|----------------------------|
| Domestic flight within your own country of residence | 20 (17) |
| Europe, outside your country of residence | 20 |
| U.S.A. | 20 |
| Canada | 12 (20) |
| Central & South America | 10 |
| Republic of South Africa | 4 |
| Africa | 16 (23) |
| Australia/New Zealand | 6 |
| Japan | 12 |
| Singapore | 13 (26) |
| Hong Kong | 14 |
| Other S.E. Asia | 19 |
| Gulf States/Kuwait | 8 (29) |
| Saudi Arabia | 6 |
| Other Arab States | 8 |
| Other destinations | 10 (25) |
- Base: all business air travellers

- 07** On business air trips, which class do you normally travel on...
- | | a) Long trips (over four hours) | b) Short trips (up to four hours) |
|------------------------------|---------------------------------|-----------------------------------|
| Long trips (4 hours+) | | |
| First class | 29 (13) | 11 (14) |
| Business class or equivalent | 40 | 24 |
| Full fare economy | 28 | 53 |
| Other | 7 | 7 |
- Base: all business air travellers

- 08** Do you hold a VIP/Executive card with any airline?
- | | |
|-----|---------|
| Yes | 24 (15) |
| No | 60 |
- Base: all business air travellers

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post



Goods & Services

- 09** Approximately, how many times, if at all, during the last 12 months have you...
- | | a) Rented a car on business? | b) Rented a car on business when in another country? |
|------------|------------------------------|--|
| | | |
| | Rented at all on business | Rented abroad on business |
| Not rented | 53 (36) | 53 (37) |
| 1-2 times | 21 | 23 |
| 3-6 | 13 | 14 |
| 7+ | 11 | 8 |

- 10** Thinking of your travel away from home on business, how often do you stay in first class international hotels?
- | | | | |
|----------------------|---------|---------------------------|----|
| Always/almost always | 50 (36) | Never / | 19 |
| Frequently | 16 | Do not travel on business | |
| Occasionally | 13 | | |

- 11** Which, if any, of the following do you usually buy at duty-free shops?
- | | | | |
|----------------|---------|---------------------------|----|
| Cigarettes | 24 (39) | Cognac | 52 |
| Cigars/tobacco | 16 | Other alcoholic beverages | 45 |
| Whisky | 56 | Perfumes/toilet water | 43 |

- 12** Which of the following do you have in your home at present?
- | | | | |
|-------------------|---------|----------------|---------|
| Gin | 78 (48) | Scotch Whisky | 88 (41) |
| Brandy | 56 | Other whisky | 51 |
| Cognac | 77 | Rum | 59 |
| Champagne | 57 | Sherry | 68 |
| Vodka | 72 | Port | 55 |
| Aperitif/Vermouth | 59 | Sake | 10 |
| Liqueurs | 76 | Imported beers | 41 |

1982 Readership Survey

- 13** Which of the following do you smoke, even if only occasionally?
- | | | | | | |
|------------|---------|--------|----|--------------|----|
| Cigarettes | 42 (28) | Cigars | 21 | Pipe tobacco | 10 |
|------------|---------|--------|----|--------------|----|

- 14** Which credit cards do you use nowadays?
- | | | | |
|-------------------------------|---------|------------------|----|
| VISA/Barclaycard/ Carte Bleue | 48 (40) | American Express | 52 |
| Eurocard/Access/ Mastercard | 31 | Diners Club | 18 |

- 15** How many cars are there in your household including company-owned cars?
- | | | | | |
|---------|-----|-----|-------|-------|
| None | One | Two | Three | Four+ |
| 10 (44) | 42 | 34 | 8 | 4 |
- What is the model and year of manufacture of these cars
- | Year | Model | Engine size |
|-----------------|-------|-----------------|
| 1982 | 11 | under 2 litres |
| 1981 | 24 | 2-2.5 litres |
| 1980 | 24 | over 2.5 litres |
| 1979 | 19 | unclassifiable |
| 1978 | 13 | |
| 1977 or earlier | 34 | |

- Which, if any, of these cars is company-owned?
- | | | | |
|-------|-------|------|-------------------|
| Car 1 | Car 2 | Both | Neither/no answer |
| 26 | 4 | 4 | 60 (35) |
- Base: all car owning households
- If any are company-owned, for which of them were you personally responsible for the choice of make and model?
- | | | | |
|-------|-------|------|-------------------|
| Car 1 | Car 2 | Both | Neither/no answer |
| 59 | 8 | 7 | 26 (36) |
- Base: all company car owners

- 16** Which of the following do you or members of your household own?
- | | | | |
|---|---------|---------------------------|---------|
| Stamp/coin collections | 40 (37) | Stock/shares | 70 (36) |
| Precious metals/gems | 43 | Options/commodity futures | 7 |
| Antiques | 52 | Eurobonds | 8 |
| Works of art | 53 | Other bonds | 22 |
| Second or holiday home | 32 | Mutual/unit trust funds | 25 |
| Other real estate (excluding main home) | 36 | | |

Footnotes: Base: all respondents unless otherwise shown
All figures are percentages
All percentages are based on those answering the question
Some percentages add up to more than 100% due to multiple answers



Occupation

- 17** Are you
- | | | | |
|---------------|---------|-----------------------------|---|
| in employment | 87 (59) | a housewife | 2 |
| retired | 6 | otherwise not in employment | 2 |
| a student | 3 | | |

- 18** What is your profession?
- | | | | |
|------------------------|---------|---------------------------------|---------|
| Businessman | 46 (30) | Medical/legal/academic | 10 (14) |
| Scientist/Technologist | 6 | Diplomat/civil servant | 10 |
| Consultant | 8 | Artist, author, actor, musician | 3 |
| Architect/surveyor | 1 | Armed forces, police | 11 |
| Engineer | 10 | Other | 13 |
- Base: all in employment

- 19** Approximately how many people are in the establishment in which you work, including yourself?
- | | | | |
|--------------|---------|---------------------------------|----|
| Less than 10 | 17 (62) | 300-999 | 4 |
| 10-24 | 12 | 1000-1999 | 6 |
| 25-99 | 19 | 2000+ | 14 |
| 100-299 | 15 | Do not work in an establishment | 3 |
- (By establishment we mean whole of the premises under the same ownership or management at a particular address)

- If you do not work in an establishment, skip to Q23
- Base: all in employment

- 20** In which of the following industry sectors is your company principally engaged?
- | | | | |
|---|--------|---|---------|
| Agriculture, forestry, fishing and mining | 6 (42) | Banking, insurance, financial services | 13 (43) |
| Oil industries | 12 | Advertising, PR, publishing, broadcasting | 8 |
| Manufacturing industries | 22 | Education | 9 |
| Engineering, construction | 9 | Legal/medical | 5 |
| Wholesale, retail | 10 | Government/diplomatic/ international agencies | 4 |
| Export/import agency | 2 | Arts, entertainment | 2 |
| Public utilities | 2 | Other | 6 |
| Transport, tourism | 6 | | |
- Base: all in employment

- 21** What is a), your position and b), your responsibility within that establishment?
- | a) Position | b) Responsibility | | |
|--|-------------------|------------------------|---------|
| Chief executive/owner proprietor/partner | 27 (45) | Financial | 20 (46) |
| Senior management | 28 | Marketing/Export/Sales | 23 |
| Middle management | 20 | Operations | 17 |
| Executive | 9 | Technical | 20 |
| Clerical | 2 | Purchasing | 6 |
| Other | 11 | General management | 31 |
| Do not work in an establishment | 3 | Other | 19 |
- Base: all in employment

- 22** Are you a Director or member of the Management Board of the organisation for which you work?
- | | | | |
|-----|---------|----|---|
| Yes | 33 (67) | No | 6 |
|-----|---------|----|---|
- Base: all in employment

- 23** In the last 12 months, in your business or professional capacity have you been involved at all in purchase or leasing decisions for any goods or services listed below?
- | | |
|--|---------|
| (Check all that apply) | |
| Car fleets and company cars | 26 (11) |
| Vans/trucks | 10 |
| Word processors/automatic typewriters | 33 |
| Office equipment: copiers, calculators, typewriters | 43 |
| Main-frame computers/computers with network systems | 15 |
| Stand-alone computers/personal office computers | 18 |
| EDP/Computer service/software | 18 |
| Business/industrial site selection/building/construction | 18 |
| Scientific/medical instruments | 10 |
| Telephone & telecommunications systems | 28 |
| Company aircraft | 2 (12) |
| Plant and equipment | 18 |
| Primary, raw materials and chemicals | 11 |
| Banking/financial services | 30 |
| Company insurance/pension plans | 20 |
| Staff recruitment | 47 |
| Advertising and PR services | 28 |
| Freight/transportation services | 22 |
| Transfer of technology services | 14 |
- Base: all in employment

- 24** a) In how many countries does the organization for which you work have offices?
- | | | | | | |
|-----|---------|----------|----|-------------|----|
| One | 21 (41) | Two-nine | 29 | Ten or more | 50 |
|-----|---------|----------|----|-------------|----|
- b) Do you work in the world-wide head office of the organization for which you work?
- | | | | |
|-----|---------|----|---|
| Yes | 39 (69) | No | 6 |
|-----|---------|----|---|
- Base: all in employment

Dear Reader,

This page probably looks familiar. We ran a version of it several times last Spring. Back then, the blanks after each question were there to be filled in by our readers.

Almost 5,000 thousand of you did so, in every corner of the world, and the completed pages which you mailed back to Research Services Ltd. in London have been carefully tabulated and compiled.

So, here on this page are our survey results: the readers of the International Herald Tribune in profile. You are a highly educated, widely travelled audience, employed for the most part in top managerial positions. You have an average personal income of U.S. \$70,383 per year and generally enjoy the exceptional lifestyle which our advertisers have long recognized as the hallmark of our global readership.

Impact 82, a study of the Trib's third of a million readers in 164 countries, breaks down these survey results for the first time to show readership of both our Atlantic and Pacific editions.

Advertising and other business executives interested in studying this document can obtain a copy by writing to me at the Trib or by contacting our nearest sales office.

We deeply appreciate the central role in this project of our advisory panel of leading advertising and research executives who helped to plan, evaluate and present this research: Mr. Gorm Borup, Thal International; Mr. Louis J. Crossin, Doremus & Company; Dr. Marcel Eschels, Marketing Contact; Mr. Heinrich Kernebeck, HMS Media-Service GmbH; Mr. John Lawson, Foote, Cone & Belding Ltd.; Mr. Jay Perlestein, Rhône-Poulenc S.A.; Mr. Francesco Zangheri, Olivetti Pubblicità.

In addition of course our warmest thanks go to all our readers who gave their valuable time to tell us about themselves. Also thanking you are the various charities you designated to receive contributions on your behalf:

- Cancer Research (\$2,555)
- World Wildlife Fund (\$1,660) and
- the International Red Cross (\$1,365).

With our thanks once again,

Paul Hubner

Lee W. Huebner
Publisher

- 25** Is the company for which you work in the top 100, or in the top 500 companies in size in your country of residence?
- | | | | | | |
|------------|---------|------------|----|----------------|----|
| In top 100 | 57 (70) | In top 500 | 17 | Not in top 500 | 46 |
|------------|---------|------------|----|----------------|----|
- Base: all in employment

- 26** Are you
- | | | | |
|------|---------|--------|----|
| Male | 86 (17) | Female | 14 |
|------|---------|--------|----|

- 27** Which is your age group?
- | | | | |
|----------|--------|------------|----|
| Under 25 | 3 (14) | 45-54 | 23 |
| 25-34 | 22 | 55-64 | 14 |
| 35-44 | 31 | 65 or over | 7 |
- Average age: 44

- 28** a) In which country are you currently resident?
b) Of which country are you a citizen?
- | | Country of residence | Country of citizenship |
|-------------|----------------------|------------------------|
| Europe | 68 | 37 |
| U.S.A. | 6 | 39 |
| Middle East | 2 | 2 |
| Far East | 13 | 3 |
| Other | 11 | 11 |

- How long have you been living in your present country of residence?
- | | | | |
|----------------------|--------|-------------------|----|
| Less than six months | 6 (12) | 1-5 years | 33 |
| 6-12 months | 11 | More than 5 years | 50 |

- 29** Which was the highest educational level you obtained?
- | | | | |
|------------------------------------|---------|-------------------------|----|
| Doctorate/higher university degree | 38 (77) | Below university degree | 19 |
| University degree | 43 | | |

- 30** What is the subject of your degree or professional qualification?
- | | | | |
|--|---------|--|----|
| Engineering (mechanical, electronic, instrument, civil etc...) | 19 (77) | Natural sciences (Physics, Chemistry, Maths, Biology, Geography) | 13 |
| Law | 10 | Economics | 19 |
| Medicine | 3 | Accountancy | 5 |
| Arts and humanities | 29 | Business studies | 23 |
- Base: all with at least one university degree

- 31** Into which of the following groups does your own personal annual income before tax from all sources fall? (US dollars)
- | | | | |
|-------------------|--------|-------------------|----|
| UP to \$14,999 | 8 (14) | \$50,000-\$74,999 | 24 |
| \$15,000-\$19,999 | 5 | \$75,000-\$99,999 | 12 |
| \$20,000-\$29,999 | 11 | \$100,000 or over | 17 |
| \$30,000-\$49,999 | 23 | | |
- Average personal income: \$70,383

- 32** a) What is/are your native tongue(s)?
- | Native tongue | Read publications in |
|----------------|----------------------|
| English | 64 |
| French | 12 |
| German | 10 |
| Other European | 16 |
| Other | 9 |

Herald Tribune

Published With The New York Times and The Washington Post

Protectionist Hokum

Democrats running for the presidency in 1984 are tempted to go flat-out protectionist. Organized labor says it is going to throw its unified support behind a chosen candidate early in the campaign. Among the candidates, bidding is getting hot. It is depressing, but not surprising, to see Walter F. Mondale out on the union convention circuit winning enthusiastic applause with speeches about the unfairness of letting Japanese companies sell all those cars in America to people who would otherwise buy American.

The American anxiety over Japanese imports is turning into an obsession. The danger in that obsession is that it deflects people's attention from the real causes of economic distress and instead generates xenophobia, the most unhelpful of public responses.

In its most common form, the accusation against the Japanese is that they enjoy open access to the American market while they make it difficult for Americans to sell there. That is not entirely wrong. But it is hard to think that, with the most open market in the world, Japan would buy many American cars. The most expensive ingredient in a car is labor, and the Japanese factories produce a compact car with 45 percent less labor than the Americans do — and with better quality control to boot. The American automobile manufacturers have serious disadvantages in world competition, but access to the Japanese market is the least of it.

In steel as in autos, the companies have lost control of wages, and labor costs now run about twice the average for the American

economy. Those extremely high labor costs leave producers vulnerable to foreign competition. But that is a subject you will rarely hear mentioned at union conventions.

Despite some specific industries' loss of position, the American economy as a whole remains highly competitive on world markets. The United States exports far more in manufactured goods than it imports, and it exports far more in agricultural products than it imports. That is how it pays its bill. Management and labor in several declining industries, most notably steel, are carrying on an aggressive campaign to persuade Americans that the whole economy is sinking. That is flatly untrue. Taking the economy all together, labor productivity is still the highest in the world, by a substantial margin. Protecting American steel and auto manufacturers by barring foreign imports does not save American jobs. It only reduces unemployment to the benefit of the protected producers at the expense of everyone else.

The structure of the American economy is now going through a period of deep historic change. Some sectors — energy, communications, information — are rising in wealth and competitive position. Others are losing it. It is a painful process for society, and particularly for the people caught in the shrinking industries. They are entitled to special consideration and aid. But neither they nor the country are helped by politicians who tell them that all their troubles are to be blamed on the Japanese. Mr. Mondale knows it.

—THE WASHINGTON POST.

Creator ex Machina

James Ussher, the 17th century archbishop of Armagh, is remembered for his calculation that God created the world in the year 4004 B.C. The estimate strikes modern ears as incongruous because it offers exactness in a theological matter in which scientific precision has no place. Like church and state, religion and scientific explanations are best kept separate. Hence there is reason for unease about two recent books from distinguished scientists who offer decidedly mystical explanations of how life came to Earth.

The conversational scientific view is that life evolved by chance from the soup of chemicals that covered the early Earth. Francis Crick, the biologist, does not reject this thesis, but because of unresolved problems it contains he proposes in "Life Itself" a radical alternative: that the early Earth was seeded with spores dispatched in an interstellar rocket by an earlier civilization. Such an origin would explain the virtual uniformity of the genetic code in all known forms of life.

The chemical soup hypothesis holds that all that is needed for life to start is the emergence of a chemical that can both mutate and replicate itself. Evolution can then get to work. A famous laboratory simu-

lation 30 years ago confirmed that most of the right chemical ingredients were likely to have been present on the prebiotic Earth. However, no one has yet managed the next stage, that of getting a nucleic acid system to materialize from the soup.

Mr. Crick is biology's pre-eminent theorist and his views merit respect. But by shifting the origin of life from Earth to some other planet, he replaces one problem with another. That route of escape can be taken to extremes, and astronomers Fred Hoyle and Chandra Wickramasinghe have done so in "Evolution From Space." Their thesis is that the Earth has been continually bombarded with genetic elements from outer space. These cosmic genes, they surmise, are directed by a higher intelligence, intermediate between ourselves and a deity.

Their thesis is more in the nature of mysticism than a testable hypothesis. Like Archbishop Ussher's, their argument is a mixture of incompatible elements. The problem of explaining how life evolved from the chemicals naturally present on the early Earth is immensely difficult, but scientists need not yet abandon hope. Evidently, life is possible.

—THE NEW YORK TIMES.

Other Opinion

Now Sweden, Too, Devalues

In carrying out his austerity program, Olof Palme has the advantage of the labor unions' full confidence. But isn't it unfortunate that the evolution of the international situation that will determine the success or failure of his efforts?

The spectacular devaluation of the krona puts Sweden's Nordic neighbors in a difficult situation. Denmark, a member state of the European Community, devalued its currency by 3 percent in June, Norway carried out a 6-percent devaluation in the third quarter and Finland devalued by 4 percent as recently as Oct. 7. The view in industrial circles in Oslo is that these countries, which have close trade relations, have entered a vicious circle of devaluations rather than tackle the structural causes (wage costs, for instance) of the declining competitiveness of their exports.

—Le Monde (Paris).

Frightened of Information

The Soviet attitude toward information was neatly summed up by the late Andrei Amalrik when he wrote that the KGB spends millions of rubles to stop people from talking and then millions more to find out what they really think. But there is more than just absurdity in the situation. The Russians' fear of information is one of the main obstacles to the internal development and the external relations of the Soviet Union.

They fear information coming in, going out and circulating within their own country — unless they can control it. This means that facts are suppressed or distorted, that people at the top of the system lose touch with those at the bottom, that those at the bottom lose confidence in those at the top, that plans are based on false statistics and decisions are based on distorted information, that rumors abound, and that the entire nation remains isolated from the world in which it lives. No state can modernize in these circumstances, nor play an effective role in the modern world.

—The Times (London).

Self-Reliance in Steel

The chairman of Pakistan Steel has expressed the hope that the mill will break even by the late 1980s. Along with the matter of profitability, however, the question of pricing must be taken into consideration.

The development of an indigenous steel-making capacity is a major step toward self-reliance and economic independence. The Western point of view on steel-making by a developing country is heavily tilted by their own interest in finding markets for their steel products rendered surplus by overproduction and cutthroat competition. From the point of view of present position of supplies and prices, steel imports may appear to be a tempting proposition. But in the long run, the situation must change. Local steel manufacture, even at a cost slightly higher than international prices, is in the national interest, especially because it will help save scarce foreign exchange, besides creating employment and fostering downstream industries.

But this should not be taken as a license to raise prices indiscriminately. It is important to take steps from the beginning to maintain the cost of production at a realistic level.

—Dawn (Karachi).

A Tribute to Helmut Schmidt

West Germany's parliament has turned its back on a masterful politician and a well-known diplomat. Helmut Schmidt will go down in the history books as his country's first chancellor to be ousted by a no-confidence vote. He deserves better.

Chancellor Schmidt helped West Germany carve a new image of leadership within Western Europe as a counterweight to the influence of the United States and the Soviet Union. He showed up West Germany's position within the Common Market and strengthened the economy. He repeatedly stressed his friendship for the United States while trying to work out difficulties with Moscow.

—The Durham (N.C.) Morning Herald.

PARIS — On May 15, 1975, I was standing on the official dais reviewing the first Victory Day parade in Ho Chi Minh City, which had been known as Saigon until several months earlier. The crowd marching by waved the flags of the Democratic Republic of (North) Vietnam and the Provisional Revolutionary Government of the Republic of South Vietnam. The troops, though, bore only the North's colors.

I asked the general standing next to me where were the famous Viet Cong Divisions 1, 5, 7 and 9. Van Tien Dung, commander in chief of the North Vietnamese Army, told me that the troops were simply "unified." At that moment I began to understand my fate and that of the National Liberation Front.

When I was a student in Paris in the late 1940s, I had wanted desperately for my country nothing less than what France and other Western nations enjoyed — independence and a democratic political life. When Ho Chi Minh came to Paris to negotiate with the French, I became a devoted follower.

I returned to Saigon in 1958 and was appointed by the South Vietnamese government director of the national sugar refinery in 1964. I came to feel that scarcely any of the top leaders was a patriot and that I could not serve the country together with such corrupt generals and officials. In December 1960, at a jungle meeting, my friends suggested that we form the Provisional Committee of the NLF.

Almost All Southerners

Throughout this period we had close support from the North Vietnamese Communists. We were in fact dependent on them for weapons, communications and especially our propaganda network. But almost all of us were Southerners. Ours was not a communist movement. And the North Vietnamese never indicated that they wanted to impose communism on the South.

I was in prison when the 1968 Tet offensive swept the country. Later I discovered that secret negotiations had been going on between the Americans and the NLF and I was to be traded for two American colonels. The offensive proved catastrophic. It is a major irony of the Vietnam War that our propaganda transformed this military debacle into a brilliant victory, giving us new leverage in our diplomatic efforts, jacking the American anti-war move-

ment and disheartening the Washington planners. The truth was that Tet cost us half of our forces. Our losses were so immense that we were simply unable to replace them with new recruits. One consequence was that the Hanoi leadership began to move unprecedented numbers of troops into the South.

In June 1969, in response to a request by the Communist Party, which was preparing to participate in the Paris peace conference, we formed the Provisional Revolutionary Government. The Hanoi leadership accepted and supported the NLF platform at every point, and gave the firmest assurances of respect for the principle of South Vietnamese self-determination. Later, of course, we discovered that the North Vietnamese Communists had engaged in a deliberate deception to achieve what had been their true goal from the start — the destruction of South Vietnam as a political or social entity in any way separate from the North.

Watergate Surprise

After the Paris agreement was signed in 1973, most of us were preparing to create a neutralist government. We hoped America and the other signers would play an active role in protecting the agreement. Certainly no one expected Watergate and President Nixon's resignation.

No one expected America's easy and startlingly rapid abandonment of South Vietnam. I myself, the soon-to-be minister of justice, was preparing a policy of national reconciliation that specifically excluded reprisals. It is important to note that our views were not based solely on naïveté. In the 1960s NLF leaders had never hoped for total military victory against the Americans and their clients. Our entire strategy was formulated with the expectation that we would eventually be involved in some kind of coalition government.

A coalition government dedicated to concord and reconciliation was — and still is — the most pragmatic as well as the most humane means toward national unity. Such a government would be in accord with the strong Vietnamese moral tradition of showing grace to the

defeated and forgetting past hatred, a tradition that historically marked Vietnamese conduct even toward the Mongol and Chinese aggressors. Almost every Vietnamese family had ties with both Communists and anti-Communists.

Unfortunately, when the way did ease, North Vietnamese vindictiveness and fanaticism blossomed into a ferocious exercise of power. Hundreds of thousands of former officials and army officers of the Saigon regime were imprisoned in "re-education camps." Millions of ordinary citizens were forced to leave their homes and settle in the so-called New Economic Zones.

One month after the "re-education" program was imposed, few of those arrested had been released. I asked the leaders why they didn't free the people in the camps as promised. I was told that the authorities had said only that the former officials of the Saigon regime should bring with them food enough for a month.

A rigid authoritarianism settled down over the country, supported by the third-largest army in the world although Vietnam is among the 20 poorest nations in the world.

Members of the former resistance, their sympathizers and those who supported the Viet Cong are now filled with bitterness. I was told that the authorities had said only that the former officials of the Saigon regime should bring with them food enough for a month. One often hears views such as this: "I wouldn't give them even a grain of rice now. I would pull them out of their hiding places and denounce them to the authorities." The myth of Ho Chi Minh, the great patriot, has dissolved to nothing.

Northern Carpetbaggers

The radical and hidden nature of the North's takeover resulted in the displacement of virtually every moderate and neutralist. There was simply nothing to stop the most rapacious plans from being carried out. Carpetbagging Northern officials fought each other, sometimes at gunpoint, for the best offices, the most comfortable houses, the most lucrative positions.

The people kept their sense of humor, frequently ridiculing the party's slogans. Formerly Ho Chi Minh called on the population in the

Might Vietnam Be Enticed Out of Cambodia?

By Stanley Karnow

NEW YORK — Prince Norodom Sihanouk, when he was the proud ruler of Cambodia, used to travel the world in the pomp and circumstance befitting an Oriental potentate. Now he is a modest visitor in the United States, a feeble and elderly man whose prospects for regaining his past authority are remote.

Yet his forlorn struggle to reassert himself deserves attention. It is symptomatic of a broader dispute between the Soviet Union and China to strengthen their influence in Southeast Asia. Cambodia is currently a battlefield on which the Soviets and the Chinese are challenging each other through their respective proxies. Prince Sihanouk is in an awkward position. He fears and detests the Chinese-backed Khmer Rouge, the genocidal movement that killed members of his family among hundreds of thousands of other Cambodians before the Vietnamese toppled its regime. But he has formed an alliance with the ultra-leftist faction in an attempt to drive the Soviet-backed Vietnamese out of Cambodia.

The chances of the coalition winning militarily are dim. The Khmer Rouge is composed of about 30,000 guerrillas who can do little more than harass the 180,000 Vietnamese.

Although they are unenthusiastic about having Vietnamese troops on their soil, the Cambodians are evidently even more afraid of the Khmer Rouge. The problem for Prince Sihanouk is to work out a compromise that eases the Khmer Rouge to pull out of the country. It is not a settlement that he can reach alone.

He sees no solution until the Soviets and the Chinese cease to use Cambodia as an arena in their own squabble. At the same time, though, he is exploring possible roles that the United States could play to ease tensions in the area.

The United States underwrites the seat belt and his allies hold in the United Nations, so as to prevent international recognition of the surrogate regime that Vietnam set up after it occupied Cambodia four years ago. But UN endorsement has no practical value.

Prince Sihanouk would like the Reagan administration to furnish him with money and weapons. He argues that he could organize his

own force and thus exert pressure on Vietnam to come to terms. That alternative seems unlikely.

Americans may shudder at the thought of a fresh involvement in Southeast Asia, but the region cannot be ignored if the United States hopes to maintain a credible presence in that part of the world.

Reliable reports indicate that the Soviets are now using the huge American-built base at Cam Ranh Bay for their navy. The installation gives them more effective access to the Pacific and Indian oceans. At least 10 Soviet ships are based at Cam Ranh, among them a cruise-missile submarine. Soviet reconnaissance aircraft operating out of Cam Ranh are now able to fly over extensive parts of Southeast Asia.

Vietnam is not entirely comfortable with the Soviet presence. But without the Soviets it would feel naked in the face of the threat from China. An approach worth study is whether Vietnam can be drawn out of the Soviet orbit.

When I was in Hanoi last year Vietnamese officials constantly reiterated a purported desire to establish diplomatic relations with the United States. Vietnam has

lately been making conciliatory gestures toward the Reagan administration, including the cooperative effort to search for Americans missing in action during the Vietnam War, and the recent decision by the Vietnamese to release the children of American soldiers left over from the conflict.

The United States cannot begin to consider a formal link with Vietnam until it agrees to end its occupation of Cambodia. But perhaps there is room here for a package deal of the kind being proposed by Prince Sihanouk. He suggests that Cambodia's neutrality be restored and guaranteed by the major powers, and that elections be held under United Nations supervision to determine its government.

The Vietnamese claim they cannot leave Cambodia without exposing themselves to Chinese pressure. If the Sihanouk plan could be implemented, it might give them some sense of security.

Given the distrust and the ambitions that prevail in the area, solutions will not be easy. The quest for a compromise ought to be pursued, though, else Southeast Asia could again become the scene of a war that nobody wanted.

Tribune and Register Syndicate.

North to double and triple their efforts to liberate their brothers and sisters of the South. Nowadays one hears those slogans slightly changed: "Everybody should double his efforts to buy a radio and bike for the party officials, and triple his production so that the officials can have a new house and a pretty girl friend."

Throughout the country the people have passively resisted forced collectivization. The party tries to ascribe economic failure to natural calamities and the destruction of war, but the underlying causes are social and psychological. There is widespread popular discontent, in addition to the failures of a totalitarian regime.

Theft of public goods and property is common. The cadres work less because they no longer believe in their Communist leaders.

Vietnam is now practically an instrument of Soviet expansionism in Southeast Asia. There are at least 10,000 Soviet advisers in Vietnam. In my talks with party leaders I said: "You can make a revolution without clothes, but you cannot make a revolution by hunger, repression and building gulags." I protested that they had cheaply sold Vietnam's independence to the Soviet Union. The people hated the Soviets, calling them "Americans without dollars."

Not many can believe these things, just as they could not believe that the North would take over the South and set up a communist regime. But the truth is that for the first time in our history people have risked their lives to leave Vietnam. Large numbers never tried to flee Vietnam to escape French domination or the American intervention.

The Refugee Exodus

The refugee exodus began in earnest as the active population was systematically drafted into the protracted war against Cambodia and occupied Laos. For the first time since 1945, when famine killed 2 million people, Vietnam has been facing grave and widespread food shortages, because fanatical leaders have sacrificed their people in order to fulfill the obligations of "internationalism."

The golden opportunity to harness the energy of 55 million people to rebuild the shattered country came in April 1975 when foreign involvement ended. That was the time to initiate a policy of national reconciliation without reprisals, to establish a representative government that would include a spectrum of political parties and pursue a foreign policy of nonalignment. That was the time to foster a spirit of brotherhood and focus the country's attention on the task of national reconstruction.

The Communists, however, chose aggression rather than reconciliation. The moment of military victory was the moment they began to eliminate the NLF. Many of my friends lamented, "They buried the NLF without even a ceremony." At the simple farewell dinner we held to formally disband the NLF in 1976, neither the party nor the government sent a representative. It was a gesture of scorn toward the nationalistic and democratic principles for which the Viet Cong had bled so copiously and which the international liberal community had sustained so faithfully.

Political power is now being concentrated in the families of Le Duan, Ho Chi Minh's successor, and of Le Duc Tho, Henry Kissinger's Paris adversary. Le Hong, Le Duan's son, is chief of security for the Politburo. Le Anh, another son, commands the missile defenses for the entire country. Le Duan's son-in-law is head of the air force and his brother-in-law has charge of the party propaganda apparatus.

I was given the opportunity to work for this government. After the Communists had eliminated the NLF and imprisoned most of those they considered potential enemies, they offered me the position of vice minister of nutrition. I refused. I could not ally myself with a regime that had proved itself inhumane and that the people hated so passionately.

During the 1960s I had given up a good job to fight for certain ideals which are still the ideals of the Vietnamese people: independence, democracy and social welfare. I have now to acknowledge my responsibility for the disastrous state of my country.

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Unemployment Means Danger for Democracy

By Stanley Aaronowitz

NEW YORK — The U.S. Bureau of Labor Statistics announced Friday that America has finally reached the magic unacceptable threshold of a 10-percent unemployment rate. The news was anticipated by charges and countercharges by political partisans, but apart from the certainty that a few Republican heads will roll in the elections next month, most Americans are worried without being outraged.

Even the Democratic Party, the side most likely to gain from the apparent failure of President Reagan's supply-side economics, has backed away from the full-employment goal in its recent election program.

A jobs rate of one in 10 workers was not always the harbinger of acceptable performance for the American economy. Twenty years ago the standard hovered between 3 and 5 percent. Economists and politicians swore a holy crusade against unemployment and poverty if 6 percent was reached. President Johnson's "Great Society" of the 1960s was introduced to eliminate an intolerable 6.5-percent rate.

By the early 1970s economic growth had slowed to a crawl. The suspicion spread that the "American Century" of full employment and economic expansion had come to an end when whites began to lose their jobs, too. And while the United States was fighting the Vietnam War, West Germany and Japan, among other countries, not only took back their own automobile and steel markets by building cheap cars in advanced factories, but also shipped their products to the U.S. market.

In 1974 America discovered it was no longer self-sufficient in energy. By 1980 its vaunted industrial might had been permanently eroded. It was still a major industrial power, but its strength was no longer in natural resources and basic manufacturing. In an international economy it delivered only two indispensable items: cheap food and high-technology products.

The trouble with this is that these industries produce few jobs. Food and computer technologies save labor saving. And the jobs created by the computer in telecommunications and information industries require more skills than assembly-line work.

To make matters worse, the new jobs in the high-technology sector eliminate jobs on the assembly line.

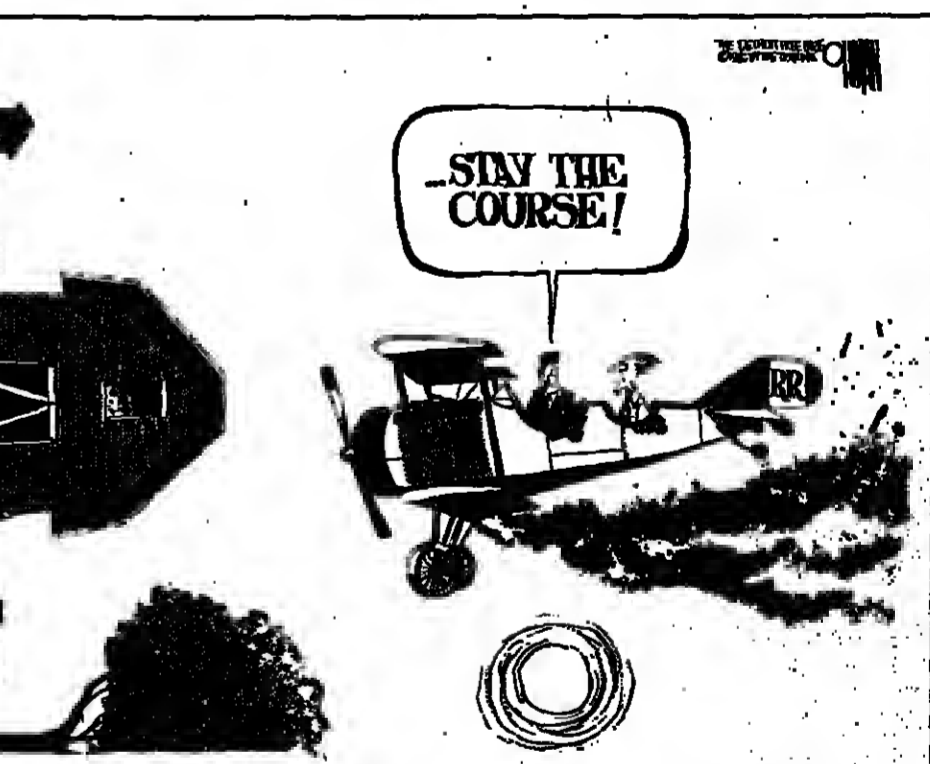
Robots replace auto workers, numerical controls take jobs away from machinists, microelectronics wipe out old skills in a dozen clerical occupations. In short, the scientific and technological revolution has made a mess of dozens of communities, destroyed millions of jobs and irrevocably changed patterns of family life.

To make America competitive with Japan and West Germany, the Reagan administration decided that billions of dollars in social services must be sacrificed. The tax cuts enacted by Congress in the last two years were designed to put more money into the hands of investors who would create jobs. Meanwhile the administration has allowed manufacturing industries to go down the drain because, in its calculations, there is no chance to revive the steel and auto industries and the chronically sick textile and garment industries short of protectionism.

Interest rates remain high because President Reagan wants to strengthen the dollar and reduce inflation. However, as the president has warned, Americans cannot have it both ways. In order to cool down the economy they must accept high interest rates. This is the strategy of the coalition that put Mr. Reagan in power: Fiscal conservatism, benign neglect of the poor, low wages and high profits for the few are the basic program of supply-side economists. This viewpoint worked as long as unemployment among white male heads of households was only 3 percent, even when other groups suffered substantially higher joblessness. The real test today is whether the policy can retain popular support when white males are losing their jobs faster than any other group in the labor force.

There are already a few signs that some voters are responding to the old-time religion of full-employment politics. The results of the New York and Massachusetts primary elections indicated a victory for "big spending" liberals. In Congress, some conservative Republicans, and many Democrats have urged that a big public works program be initiated to repair roads, bridges, mass transit, water systems and communications.

During the last congressional session, even the administration's military spending program got rough treatment from usually compliant leg-



islators who are hearing from hometown business and civic leaders.

The Reagan program has fallen on hard times, but there is no serious alternative program with sufficient political clout to replace it. Many of the basic assumptions of supply-side economic policy enjoy bipartisan support and there is little will to return to a full-employment policy.

Unemployment is increasing at a rate comparable to the 1920s when the economy began slowing down even as the stock market was booming. As late as 1932, Franklin D. Roosevelt ran for president on a program of budget balancing when one of three were out of work, millions roamed the highways and rode the rails and millions more lived in cardboard and tin huts called "Hoovervilles." In time, Roosevelt acknowledged that the new situation demanded new departures that ignored the effects of hard-money economics. He simply fed the poor, put millions back to work building roads and schools and paid for it with faith in recovery. He spent money that did not exist because he knew that economic collapse meant that democratic institutions were endangered.

Jobs bring dignity, people out of work become desperate when they lose hope. Rather than alien suffering many choose crime. Families tend to disintegrate and communities die. As Germany and Italy in the 1930s and, more recently, underdeveloped countries teach us, the only way to

maintain social order in these conditions is to create a police state. Eventually that solution fails and even the night-watchman state even as aspects of the welfare state even as it retains the compulsion to use coercion to control the population.

America is in a similar situation today. Ronald Reagan is not Herbert Hoover, because he has a rational policy of economic survival for America's financial institutions, defense-related industries, and corporations engaged in energy development.

But the policy only makes sense if Americans are willing to give up our democratic traditions. America cannot handle the jobless rates and social chaos implied by the administration's program without repression.

The alternative is to agree that inflation is not America's greatest problem, that the survival of democratic institutions is more desirable than the health of banks and insurance companies. A democratic solution would mean biting the bullet of some inflation in order to put America back to work. Defense spending would have to be cut, with funds diverted to rebuild the country. The federal government would conclude that an unemployment rate greater than the annual growth rate is both morally and politically unacceptable.

America is at the second great crossroads of the 20th century. There are no perfect solutions but some are better than others. It must agree that public control of investment is the

answer to current economic problems, or say goodbye to full employment and perhaps to freedom.

The writer, professor of sociology at the City University of New York, is author of "The Crisis in Historical Materialism."

LETTERS

Will Will Mull?

It is unfortunate that columnist George F. Will appears so infrequently in the IHT. He was one of the most articulate apologists of the Reagan candidacy. It is time he started mulling over the results.

ROLF HAMBURGER
Neuilly-sur-Seine, France

President Vigdis

Regarding "Iceland's First Female President" (IHT, Sept. 13):

The article refers to the president eight times by her surname, of Finnsborgdottir although you quote her as explaining that in Iceland surnames mean nothing. She is known to Icelanders by her first name, so shouldn't you have called her "President Vigdis" throughout?

CA. REYNOLDS
London

Editor's note: As the president also indicated, international convention designates individuals by surname.

OCT. 10: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: Taft Demands 'Open Door'

SHANGHAI — Disclaiming authority as an official spokesman of the American government and insisting that he spoke as an American citizen, Mr. William Taft at a banquet here re-avowed the adherence of America to the "open door" policy. He said that America would resort to every legitimate means to prevent injury to trade by the violation of the "open door" policy, through the granting of political preference to her competitors. He declared that America had special political and commercial interests in China because of the possession of the Philippines, which possession would not be terminated by sale or other sudden cessation. He disclaimed fear of China or of Chinese policy.

1932: Golden Gate to Be Bridged

WASHINGTON — What in effect is the biggest loan approved thus far by the Reconstruction Finance Corporation for a self-liquidating enterprise was made known when the board agreed to buy \$62 million worth of California state bonds for financing a gigantic bridge across the Golden Gate. Stretching across the bay that is considered one of the finest harbors in the world and one of the most inspiring sights, the bridge will be the largest in the world, outranking the recently opened structure at Sydney, Australia. The span will link San Francisco to a territory heretofore confined principally to large country estates, and will thus open up a strategic area for urban development.

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ARTS / LEISURE

Colors Dark, Mood Light in Milan

By Hebe Dorsey

MILAN — Without the swimsuits, it would have been hard to realize that the Italian designers were showing spring-summer fashions all week.

Colors were mostly dark: solid black or white, or black and white with lots of browns, navies, neutrals and an occasional red. This is not what people expect from Italy, the land of Emilio Pucci and a country associated with explosive, sunny colors.

But otherwise, there was a light-hearted feeling on the runway. Italian designers have gotten over their battlefield-type clothes, which, a few seasons ago, grimly reflected harsh political times and Red Brigade terrorism. Things may be the same, but the Italians have learned to cope, and this is reflected in happier fashions.

There were also many parties going on, with the Pintos, the Missons and Gianfranco Ferré taking turns. The most elaborate one was given by the Pintos, who own

Krizia. Black-tie and candlelit, it was decorated by Piero Pinto, who created two full Donatello Rousseau jungle tableaux, a fun reminder of Krizia's animal sweaters.

As always in Italy, it all happens above the waist (this time always double-belted), meaning that the Italian designers are great at creating wonderful separates, with a unique flair for fabrics and textures, but that their overall concept of a silhouette can be a bit foggy. The Italians do not have the French designers' acute sense of proportions and unique ability for pulling a look together. This accounts for the Italians showing so many pants and their hesitant approach to skirts, both in terms of shapes and hemlines.

Gianni Versace is right at the top and can be credited with being the most voluptuous of Italian designers, the only one who really knows how to cater to sexpots, preferably rich and well-traveled, which explains his popularity with French girls. His name is beginning to be solidly established in

Paris, where he is about to open his third boutique on the Rue du Faubourg Saint-Honoré.

This time, his sexy contribution consisted of flowered or striped metal dresses, made of a liquid gold coat-of-mail-like material. These dresses, which suggestively follow every curve of the body, are also a technical revolution of sorts because Versace claims it is the first use in fashion history of a metal that can be stitched with cotton thread. He said the technique, which he patented, was developed by a factory in West Germany that used to make metallic accessories — belts and jewelry.

Yet, Versace said he is at a turning point. "Everything I did in the last ten years was a contrast of shapes and materials. Now, I'm looking for more simplicity. I want to get closer to a wider range of women in need of real clothes." With 100 boutiques around the world, Versace is a staggering success story who has to keep reminding himself that he dresses many different types of women.

All of this explains his new, more functional, neat white cotton suits, with Nehru collars, military epaulettes and metal snaps, while the combination of strong shoulders and short skirts keeps them on Versace's sexy tangent. The other news at Versace's is a great fondness for white dresses, divided between short and Grecian or cut on the bias and finished with a kerchief hemline dipping in the back. Also known for wildly extravagant leather, Versace has not lost his touch, showing exceptionally well-cut white jumpsuits and tops with sweetest necklines.

At Missoni's the goings were also good, mainly because the Missons have reached that plateau where they have nothing to prove anymore. So, instead of nervously trying to put across a silhouette, they are now content to keep adding marvelous new sweaters, cardigans, long T-shirts and sophisticated track suits to their fans' knil collections.

The Missoni's newest pattern, used mainly on long cardigans, is a jacquard flower, which, through a photographic process, is blown up to such proportions it becomes almost abstract. Another new pattern is snakeskin, also enlarged to unrecognizable proportions. The colors, on the other hand, are always highly familiar, with the usual mélange of bougainvillea, turquoise, lagoon green, dusty rose plus a new deep iris blue.

Ruth Rabb, wife of the U.S. ambassador to Italy, flew from Rome to attend Laura Biagiotti's collection, because, she said, "Laura is such a good friend." Biagiotti really designs two collections: One of luxurious cashmere sweaters built around a nautical theme and came off well; the other, of cotton, linen and organza, consisted of a string of doll dresses with a ruffled, pailoned, pleated and cuffed coyness about them. Although as heavy as rich cream, it was well received by buyers from Texas and Florida, who can use clothes like this in their climates.

The Ferré's ready-to-wear collection suffered from the competition of their enormously successful



Versace's sexy metal dress

Eskimo Art Rarities in Paris

By Souren Melikian

PARIS — The art of the Far North from Greenland to Alaska made a rare appearance at auction this week. On Wednesday, Jean-Louis Fieard conducted the first auction ever held at Drouot in which Eskimo art was featured on the catalog cover, represented by a fair sampling of some 50 lots.

While Eskimo artifacts occasionally surface in small numbers in London and New York sales of primitive art, such a large group is highly unusual. Even more unusual was the remarkable quality, of three or four pieces.

It is virtually impossible to buy

THE ART MARKET

at auction anything quite as early and fine as the small ivory fragmentary figure of the Olvik culture (about 300 B.C.) from the Punuk island off the east end of St. Lawrence Island in Alaska. The 7.5-centimeter-high figure belongs to a phase of Eskimo art known to specialists as Old Bering Sea I.

The highly stylized statuette with its almond-shaped head and impassive expression has much appeal to the modern eye and is further enhanced by the mellow brown patina. But it is a tiny and subtle piece that only a collector or dealer well-versed in his subject would buy (this type of object d'art is best sold privately by a dealer who will offer it to a chosen client). Sure enough, the auction price, 5,800 francs, was 60 percent below the lowest estimate and generally thought low by those attending.



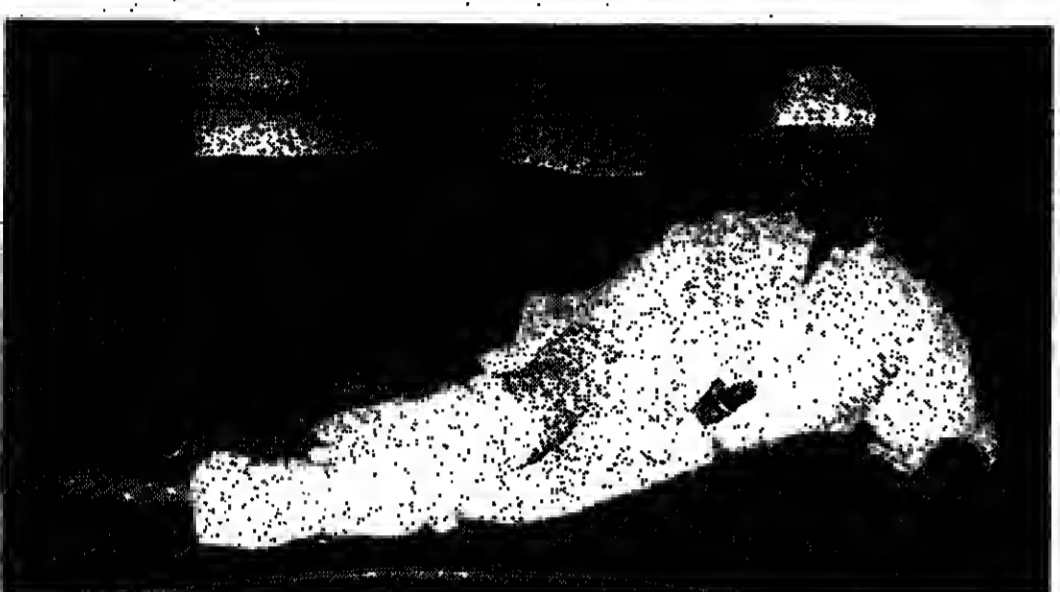
Olvik figure from 300 B.C.

Minutes earlier, a superb feminine figure illustrating the so-called Old Bering Sea II phase of Eskimo culture (about A.D. 300) had failed to sell altogether. The 16-centimeter, 16,000 francs, was only half the expert's estimate, which, a collector said, was about right. The slightly elongated body, 13 centimeters high, is not a fragment. With its blend of archaic rigidity and elegance in its slenderness, it is intrinsically more important and desirable, as is any complete piece versus one that is fragmentary.

Similar mishaps befell the two other important carvings. One was the headless body, most likely belonging to the Olvik culture and was given a broad, late first millennium dating. A small head that had reportedly been found buried near the body was assumed, plausibly if not certainly so, to match it. Given this uncertainty, its failure to sell at 64,000 francs was understandable.

The other very important statuette was carved out of the bottom part of a sea-lion tusk. This would appear to be a piece of historic significance. According to the catalog entry, the squat feminine figure, with a big rounded head, bare breasts hanging down and puny arms, was handed over by an Eskimo chief to a U.S. government official when Alaska was ceded to the United States by Russia. It failed to meet the vendor's reserve as the hammer went down at 86,300 francs, including the auction fee. This would be a lot by European standards if well below the top U.S. gallery price.

The handful of true connoisseurs who attended the sale were excited. The provenance of the best objects, although not publicized by the auctioneer, in keeping with time-honored French practice, was apparently known to all and sundry. Jean-Claude Belfier, a Paris dealer in Impressionist and modern master paintings, has long been collecting in this field for his private enjoyment. He was parting with some of his items, it was said, for personal reasons unrelated to dealing. That accounts for the high quality of some of the pieces, which reflected a collector's choice.



Ferre's white pantsuit with sequined obi belt.

17th-Century Neapolitan Painting in London Exhibits

By Max Wykes-Joyce

LONDON — One morning in late spring in the year 1606, a 35-year-old artist, considered among the greatest living, lost a game of tennis, in a fit of pique stabbed his opponent, and despite powerful patronage and protection, had to make a swift getaway from Rome where he lived. He fled south to the next great city, Naples, (at that time much larger and much more important than Rome). His name was Michelangelo Merisi da Caravaggio. With his arrival in Naples the whole future of Neapolitan painting took a new direction.

Caravaggio's significance to 17th-century Naples can well be assessed in the great loan show of 164 works, sponsored by Martini & Rossi, at the Royal Academy of Arts — "Painting in Naples from Caravaggio to Giordano," of which Caravaggio's "Seven Acts of Mercy," the altarpiece borrowed from the Pio Monte della Misericordia, is the seminal center.

Better even than in Naples itself, where the paintings are scattered over a multitude of monasteries, churches, and private and public collections, a proper estimate may be made of the progress of painting from the realism of Caravaggio and his followers to the establishment of a native-born Neapolitan 'school,' of whom G.B. Caracciolo, called Battistello (1578-1635), Stanzione (1583-1656), and his pupil Bernardo Cavallino (1616-1656) were the most important in the first half of the century; and the romantic Salvatore Rosa (1615-1673), and the great international painters of the high Baroque, Lucio Giordano (1684-1765) and Francesco Solimena (1657-1747), among the most important names in the second half of the century. All are represented in this splendid major show, with a 300-page authoritative catalog edited by Clovis Whitfield and Jane Martineau.

Painting in Naples from Caravaggio to Giordano, Royal Academy of Arts, Burlington House, Piccadilly, W1, to Dec. 12.

A complement to the Neapolitan exhibition is the 20-work show at the National Gallery, "Paintings of the Warm South," subtitled "Foreign Painters in Italy in the 17th Century." These "foreigners" included Claude Lorrain and Poussin, the Dutch Jan Both (c.1618-1652) and Nicolaes Berchem (1620-1683), both represented by Italian landscapes influenced by Claude and the French-born François de Nomé (c.1593-after 1644), better known as Monsi Desiderio, who settled in Naples, and is also represented in the Royal Academy exhibition.

Paintings of the Warm South, National Gallery, Trafalgar Square, WC2, to Nov. 28.

The best of the three summer shows at the Serpentine Gallery is this last one — three sculptors (Christine Angus, Shirazeh Houshiary, Peter Randall-Page), two painters (Jeremy Hunter-Henderson, Tony Wild) and a photographer (Sharon Kivland) selected from an open submission by Richard Francis, an assistant keeper at Tate Gallery. Angus is a stone carver much influenced by Classical and Romanesque examples; Randall-Page also a figurative stone carver; Houshiary is inspired by legends of her native Iran, working in a compound similar to that from which village houses are

constructed in her home land. Kivland mounts her color photo prints in series — "Nine Sharp Things," "Six Chinese Experiments," "Eight White on White" — to maximize impact. Hunter-Henderson portrays urban and suburban everyday life in a visual shorthand in which colors are 'after' Van Gogh and technique is the 'wet on wet' of Philip Guston.

Serpentine, Three, Serpentine Gallery, Kensington Gardens, W2, to Oct. 17.

In celebration of the bicentenary of the birth of John Sell Cotman (1782-1842) one of the leaders of the Norwich School of landscape painting (the other was John Crome the Elder), the Arts Council has arranged a touring exhibition of more than 100 of Cotman's best works, chiefly watercolors, and ranging in date from a student painting of "A Cottage in Guildford Churchyard" (1800) to "View From My Father's Garden" (1841-42) painted on his last visit to his native city. The show demonstrates the full range and beauty of his landscape and architectural paintings, increasingly abstracting and simplifying as his life progressed. After London, the show goes to Manchester and Bristol.

Under the terms of the Cotman bequest of 1946 to the Castle Museum, Norwich, the Cotmans so bequeathed are confined to the city. Accordingly, the museum is mounting its own exhibition of 188 drawings, watercolors, prints and

oils from its holding of more than 800 works.

John Sell Cotman 1782-1842, Victoria and Albert Museum, Exhibition Road, SW7, to Oct. 24; Whitworth Art Gallery, University of Manchester, Whitworth Park, Manchester 15, Nov. 6-Dec. 11; City of Bristol Art Gallery, Queen's Road, Bristol 8, Dec. 18-Jan. 29; The Life and Work of J.S. Cotman, Castle Museum, Norwich, to Nov. 28.

At the Locust Gallery Leslie Dyer, a senior English painter, has long been feeling his way toward major statements in the fields of the nude and in the anthropomorphic of tree forms. In this show of recent work he has achieved his aims in both respects, enclosing reclining nude torsos in ovoid structures; and, inspired by Italian olive groves, portraying tree form and the nimbic spirit of the tree inextricably interwoven.

Leslie Dyer, Locust Gallery, 116 Heath Street, NW3, indefinite closing date.

Something of the same feeling, though the appearances are very different, informs the work of German-born Joe Rose and Frenchman Michel de Saint Ouen, both now living in England, whose joint show of recent painting "The Mystic Stream" is now at Wynna Wayne Fine Art.

Shakespearean 'Head-Images' by Le Brocqy

By Michael Gibson

PARIS — Louis Le Brocqy is an oddity in the latter end of this century: an artist with a straightforward cultural reference. He is also a painter with a love of the painterly who has elaborated his own strong and eloquent idiom and has devoted himself over the last 15 years



John Sell Cotman's "West Front of Byland Abbey, Yorkshire."

or so to one dominant theme — the head-image derived from the Celtic tradition that is his own.

The term "head-image" is more appropriate than "portrait" (although he has in the past shown some striking visions of contemporaries such as Joyce or Lorca or Francis Bacon, or Irish literary heroes such as Yeats, Joyce or Beckett), because his heads seem to be taking shape before our eyes out of clouds of smoke and pigment, like apparitions, a spiritual presence straining to materialize.

The current exhibition is devoted to "studies toward an image of William Shakespeare," and here, too, the head takes shape on a white ground through the seemingly erratic wanderings and slurs of fleshless color.

Louis Le Brocqy, Galerie Jeanne Bucher, 53 Rue de Seine, Paris 6, to Nov. 3.

Bernard Dufour is a gifted artist who withdrew to the country about 15 years ago and has not shown much in Paris in the interval. His dominant theme at one point was the nude, which he handled with thoughtful eloquence. The current show is devoted to self-portraits done very much in the French tradition of reserve and understatement and Pascinian seduction.

We don't really walk away from the show with the feeling that we know what Dufour looks like. On the contrary, we mainly get the feeling of a man who glimpses himself in a mirror resting at an odd angle on a chair against a chest of drawers and incapable of quite focusing on himself. It is this peculiar, tantalizing or even frustrating failure to achieve the expected encounter that gives Dufour's work its uneasy relevance.

Bernard Dufour, Galerie Beaubourg, 23 Rue du Renard, Paris 4, to Nov. 3.

Jean Weinfeld, born in Warsaw in 1905, has had a thoroughly eclectic career, which at one point led him to the Bauhaus. Miss van der Rohe was his teacher and he acquired a diploma as an architect. When the Bauhaus was closed in 1933, he moved to France and, among other things, set up a dance company that gave choreographic renderings of current events.

After World War II, he practiced a number of other trades but during the last four years he somehow got engrossed in a quaint and implausible project of his own. The result is to be seen in an exhibition at Jean-Louis Barrault's Théâtre du Rond-Point: a collection of stringed instruments with shapes invented by Weinfeld — cellos, violins, lyres, guitars, banjos and lutes modeled after the spiral, the figure eight, the ram's horn, the cane, the pyramid and other shapes.

Weinfeld reportedly got some advice from violin-maker Etienne Vatelot, but whether the instruments also make music or improve on the sound of existing instruments remains to be heard. In any event, they represent a labor of fantasy and love and constitute an irresistible museum of implausible instruments.

Jean Weinfeld, Théâtre du Rond-Point, to Oct. 17.

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NYSE Most Actives			
	Sales	Gain	Ch'ge
AmerT&T	2,672,600	61½	+2
FedNat Mts	2,131,700	18½	+1½
Oak Indust	1,677,800	10½	-¾
Jobco In	1,412,200	10½	+¾

IBM	1,647,900	23%	+ 32
Samsung	1,542,800	21%	+ 34
Sony Corp	1,332,700	20%	+ 14
LTV Corp	1,278,800	8%	- 14
Mobile	1,081,500	20	+ 32
7eedy	1,074,600	34%	+ 72
Sony Corp	1,054,700	14%	+ 36
Fujitsu	1,006,400	21%	- 16
ComTelm	997,300	18%	+ 14
Daewoo	945,400	23%	+ 14
East Kodak	945,000	23%	+ 16

Tables include the nationwide prices up to the closing on Wall Street.

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(Continued on Page 16)

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BUSINESS / FINANCE

SATURDAY-SUNDAY, OCTOBER 9-10, 1982

Page 9

ECONOMIC SCENE

By LEONARD SILK

After the Implosion: Cleveland Sifts the Dust for Growth Ideas

CLEVELAND — The motion picture "Atlantic City" opens with a shot of the Traymore Hotel, a huge relic of the glory days of luxury and ease by the seaside, being blasted out of existence by an implosion set off with plastic charges. Atlantic City, leaving its obsolete past behind, was entering the era of gambling casinos.

Last Sunday Cleveland had an implosion of its own. The Cuyahoga and Williamson buildings, historic downtown landmarks, vanished in 10 seconds in a cloud of gray dust, sending hundreds of spectators racing away from the descending particles.

What kind of Cleveland will emerge from the rubble? In the specific case of the Cuyahoga and Williamson buildings, a \$200-million, 45-story building will rise — new headquarters of Standard Oil (Ohio).

Does this symbolize change or continuity? Here, for better or worse, it looks more like continuity. Standard Oil was born in Cleveland, though.

What kind of Cleveland will emerge from the rubble? From here it looks like continuity.

What kind of Cleveland will emerge from the rubble? From here it looks like continuity.

For one thing, Cleveland's so-called anchor industries — transportation equipment, primary metals, fabricated metals and machinery — have been growing slowly but losing some of their market share to other regions. Meanwhile, Cleveland has barely participated in national growth industries such as computers, electronics and other high-technology enterprise. Less than 8 percent of employment in the Cleveland area is in such growth industries, and almost half of that is concentrated in just two sectors: machine tools and health care.

The study found that the city was losing jobs because its wage rates were markedly higher than the areas to which industries were moving — not only the South but also other rural locations. It also found that the city's growth was fouled up by restrictive work rules and a legacy of poor labor-management relations, with more hours lost to strikes in recent years than in any other city the committee reviewed.

But the list of growth-stoppers does not end there. Increased foreign competition, low growth of capital investment, a weak technology-and-knowledge base, a poor entrepreneurial environment, a fiscally hard-pressed city, a disorganized development program, a "disastrous" school system — all these and more, the businessmen said, contributed to the city's decline. Cleveland, which numbered almost one million people in 1950, now has a population of only 570,000.

Working Groups and Productivity Centers

What can be done about it? In the anchor industries the committee noted the difficulty, despite the loss of manufacturing jobs, of reducing high unit-labor costs. But it counseled setting up working groups consisting of top management, labor and a neutral third party for every major Cleveland industry.

The committee called for the establishment of a productivity center that would draw upon the knowledge of employees "at all levels of the organization, combined with new techniques for managing those human resources."

Cleveland's businessmen recognize that the job of revitalizing the city cannot be done without fostering growth industries. They want to do this, not by luring outside companies here but by helping new companies to form. One fertile area is in medical technology and research, drawing on the base provided by the medical facilities of Case-Western Reserve University.

In addition, the business group has called for a new Cleveland Research Institute that would do for this area what Harvard and the Massachusetts Institute of Technology have done for Boston and Route 128, its belt of science-based enterprises.

The committee also proposes to establish a Cleveland Entrepreneurial Service (to help new companies at the time of their formation, when management skills and access to resources are most critical) and a Seed Capital Fund.

Ameritrust Chief Sees Regional Discrimination

The question, however, is whether all these ambitious plans can come to fruition, in a climate of worldwide slump, without greater support from Washington. M. Brock Weir, the chairman of Ohio's largest bank, Ameritrust Corp., calls for a national long-term industrial policy that would map new directions for the American economy. And he wants Washington to end what he calls its discrimination in favor of the South and West against the Northeast.

Other Cleveland businessmen emphasize their willingness to move ahead in a time of hardship. For instance, Joseph Toot, president of the Timken Co., is all wrapped up in a new project — a 500,000-ton steel mill his company is building at Canton, Ohio, using the latest and best technology.

And Roy H. Holdt, chairman of White Consolidated Industries, says: "We're playing catch-up. We're spending three times our depreciation allowances. We're going to make it."

Cleveland feeds down — but a long way from out.

The New York Times

U.S. Car Firms In Mexico Hit By Weak Peso

By Lydia Chavez

New York Times Service

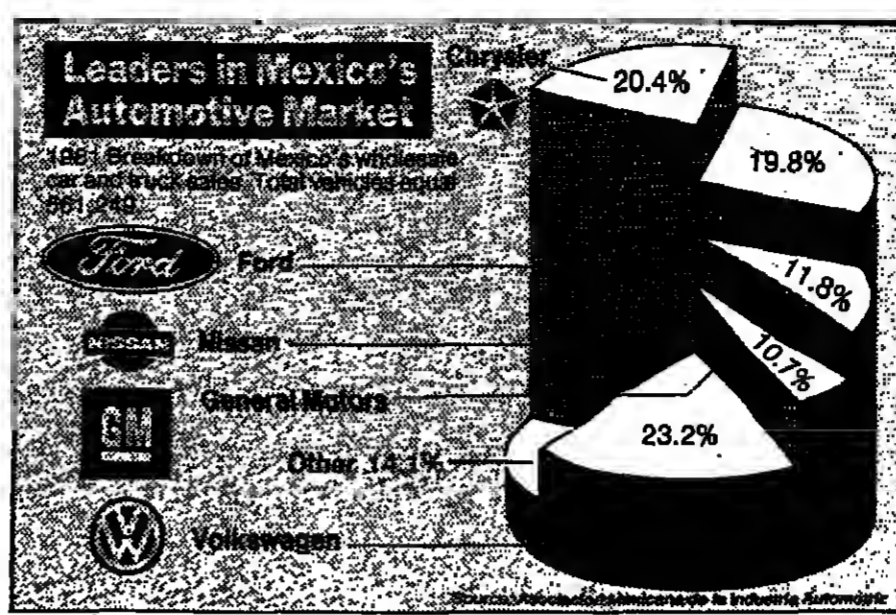
MEXICO CITY — When Detroit automakers found their sales in the United States plummeting in the past two years, they could look south, to Mexico. In that oil-rich country, where consumers had embarked on a love affair with the car that Americans had begun to abandon, thriving sales and endless expansion all seemed possible.

But the devaluation of the peso in August, which followed a devaluation in February, has turned the bustling market into another headache for American auto executives. The cost of doing business has soared for the Mexican subsidiaries of Chrysler, Ford and General Motors, and at the same time, the recession engulfing the country has made consumers cautious.

Last year, when the peso was worth about 4 cents, some auto companies were borrowing heavily from American banks to expand. Now, they have to repay those debts in dollars, at a time when the peso is worth a little more than a penny.

At the same time, the cost of imported parts has doubled, and with new import restrictions, it is unclear whether the same number of parts will be allowed across the border.

The peso devaluation and the recession have squeezed profits so severely that some auto executives believe it will be 1983 before earnings return to the levels reached in the



New York Times

late 1970s and early 1980s. Executives at both Ford and GM have acknowledged that losses in 1982 were a possibility. Chrysler officials declined to be interviewed.

"On average, our gross profit margin has been reduced by 50 to 75 percent," said Michael Hammes, president of Ford's Mexican subsidiary.

"There is no question that the market has taken a downturn," added William G. Slocum Jr., president of General Motors in Mexico. GM closed the company's two assembly plants at the end of August and Mr. Slocum said they probably would be shut through the end of this month, for a longer than normal period between model changes.

Nearly 60,000 Mexicans are employed in the auto industry, with another 50,000 employed in plants that make parts or service the industry.

"We won't reopen until our inventories are in line with what we consider normal," Mr. Slocum said.

So far this year, auto sales in Mexico are down 11.4 percent compared with last year. Ford's sales slid 20.4 percent in the first eight months of this year, and Chrysler's dropped 23 percent. GM sales are up six-tenths of 1 percent.

Chrysler, Ford and GM — their sales rank in that order — have been in Mexico for as long as 50 years, but it was only in the 1970s that the Latin market began to flourish. Between 1977 and 1981, vehicle sales nearly

(Continued on Page 11, Col. 3)

Fed Reduces Discount Rate to 9 1/2%

NEW YORK — The Federal Reserve reduced its discount rate late Friday by half a percentage point to 9 1/2 percent.

It was the fifth half-point reduction since mid-July to the rate the central bank charges on loans to financial institutions and further underscored the Fed's concern about the weak state of the U.S. economy. The Fed said it acted "to maintain the appropriate alignment with short-term market rates."

Minutes earlier, the Fed reported that the basic measure of U.S. money supply, M-1, declined by \$2.7 billion in the week ended Sept. 29. The drop was to line with analysts' predictions. The Fed also revised its figures for the previous week, putting the increase at \$300 million rather than \$400 million.

The report of the \$400-million rise a week before jured the financial markets and sent short-term interest rates higher. Analysts had been expecting a drop of several billion dollars. The unexpected rise created fears that the Fed would tighten up its monetary policy and put upward pressure on rates.

By Thursday, however, the market's mood had changed entirely and reports that the Fed would temporarily tolerate money growth above its targets while it assesses the impact new financial instruments will have on the figures.

The reports alleviated concern that the Fed would tighten its monetary policy in response to the expected rapid growth in money

supply this month. "The Fed wants an excuse to avoid tightening because the economy is so weak," said Tom Thomson, an economist at Crocker Bank in San Francisco.

Many analysts, however, said that while the Fed is unlikely to tighten its credit reins soon and drive up interest rates, it has not shown any sign of loosening its policy either. That policy is based on a belief that excessive money supply growth would revive inflation, which has been reduced to an annual rate of about 5 percent.

On Friday, the Reagan administration endorsed flexibility in the money targets. Treasury Secretary Donald Regan said the administration would not object if the Fed overshoots in the short run its money growth targets. The targets call for annual growth of 2 1/2 to 3 1/2 percent in M-1, which comprises cash in the public's hands, travelers' checks and all kinds of checking accounts.

But, Mr. Regan added, "we would not want to see the Fed really overshoot or neglect its targets."

"If they overshoot somewhat, a slight amount for a short period, we are not going to object," he said. "But we certainly would not want to see them pump money because that would renew inflationary fears."

In the credit markets Friday, a sharp two-day rally stalled late in the morning as the Fed moved to drain reserves from the banking system.

"I heard the term 'Star Wars' as

prices were exploding into orbit this morning," said David Jones, economist at the government securities firm of Aubrey G. Lanston & Co.

Shortly before noon, however, the Fed drained reserves by arranging temporary sales of government securities. The move was viewed as a technical adjustment to bank reserves, and analysts said it did not reflect a change in monetary policy.

At midsession, the 14-percent Treasury bonds due in 2011 were up 1/8 percent from Thursday to 123 1/8, for a yield of 11.19 percent. Earlier in the day, the bond had traded for as much as 125 1/4.

ITT Cutting Stake In STC of Britain

LONDON — International Telephone & Telegraph Corp. announced Friday that it will sell more than half its stake in Standard Telephones & Cables to British investors for £210 million (\$357 million). The move was viewed as helping STC win more business from the British government and reducing the U.S.-based parent company's debt burden.

Underwriting for the sale of 40 million shares at 525 pence each has been completed, the merchant banking firm of S.G. Warburg & Co. announced late in the day. STC shares closed on the London Stock Exchange at 559 pence, up from 545 pence Thursday but down from 630 pence last Friday.

The sale, which will reduce ITT's stake to 35 percent from 75 percent, appears timely for both strategic and cash reasons, analysts told Reuters. They said STC will improve its prospects in Britain by distancing itself from ITT because British suppliers stand a better chance of winning government orders.

At the same time, ITT is able to reduce its debt by selling STC shares at nearly 20 times prospective earnings, a high price-to-earnings ratio by U.S. stock market standards. An ITT spokesman said the company's debt to equity ratio of 41 to 59 at the end of 1981 will be improved by the end of this year.

The merchant bank's statement said that 20 million of the shares being offered were reserved for STC shareholders, mainly institutions, and that a further four million were earmarked for employees and pensioners.

ITT sold about 15 percent of STC's stock in June 1979 to British investors for the equivalent of

NYSE Extends Record Rally; Dow Up 20.88

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange exploded for the third day in a row Friday as investors continued to swarm into the market as interest rates fell.

The Dow Jones industrial average soared 20.88 points to 986.85, with almost all the gain coming in the last two hours of trading. It was the highest finish for the Dow since June 26, 1981, when the average closed at 992.87.

Volume also surged to some 124 million shares, the fourth highest total on record. Thursday's turnover of 147 million was the highest on record. Advances led declines by three to one.

The Dow average rose some 8 1/2 points in the first hour of trading and then pulled back, reflecting only modest gains until mid-afternoon. At 2 p.m., the average was up only 4.14.

Analysts attributed the late rally to investor expectations that the Federal Reserve may cut its discount rate. After the close, the Fed confirmed that view by trimming the discount rate, the fee it charges on loans to commercial banks, to 9 1/2 percent from 10 percent.

The spectacular run-up of the past three days was based on the belief that interest rates would decline, and more specifically, that the Fed would ease up on credit restraints.

Analysts said there was also a flurry of buying late in the day by investors purchasing shares to replace stock they had borrowed earlier and sold in anticipation that the market would move lower.

The Dow average shot up close to 80 points over the past three sessions and analysts do not see any end to the upward. Chester Pado of G. T. Pado & Co. said, "We could get a corrective phase over the very near term but any correction would have to be measured in days, rather than weeks."

Mr. Pado predicted that the Dow could possibly break through 1,000 over the next two weeks. The average last closed above 1,000 on June 23, 1981, when it reached 1006.56.

Both the gain in the Dow for the week and the total volume for the week were the second highest ever. The Dow finished with a gain of 79.11 for the week. This was surpassed only by the 81.24-point gain of the week ended Aug. 20. The week's approximate volume of 489.4 million shares was topped only by the 549.8 million traded in the week ended Aug. 27.

The report Friday that the U.S. unemployment rate rose to 10.1 percent last month had been widely

Cheering Greet London Advance

Compiled by Our Staff From Dispatches

LONDON — Cheers rose on the London Stock Exchange Friday when the Financial Times index of 30 industrials broke through the 600 barrier for the first time in history.

The index touched 600.1 at 10 a.m. up 0.7 from Thursday night's record close of 599.4. The index fell back to 597.3 later Friday when prices dropped because of profit-taking.

Earlier, the Tokyo stock market average rose 246.65, its second largest one-day increase, to close at 7,361.29 after hectic trading. Dealers said. The largest one-day rise of 320.56 was recorded on Sept. 29 last year. "The pessimism in the market a week ago due to the yen's weakness has turned to optimism following the yen's sharp recovery," said Shiro Noboru, deputy general manager of Daiwa Securities Co.

ly expected and had relatively little impact on the market, brokers said.

In explaining why the market shrugged off the news, Harvey Deutsch of Purcell Graham asserted that "bad news is good news at this point" because continued weakness in the economy will make the Fed even more reluctant to tighten credit restraints. Mr. Deutsch said investors are looking for the decline in interest rates to stimulate the economy.

Blue chip, technology, consumer product and interest-rate sensitive stocks were the stronger groups while aerospace, drug, transportation and most energy issues were ignored by the rally.

Among the most active issues, volume leader American Telephone & Telegraph rose 1 1/2 to 61 1/4. Federal Home Mortgage climbed 1 1/2 to 18 1/2, Sears 1 1/2 to 26 1/4, IBM 3/4 to 80 3/4 and Tandy 2 1/2 to 34 1/4.

Gainers in that group included Loews, up 9 1/2 to 148 1/2; Procter & Gamble, 5 1/2 to 113 1/2; Capital Cities 3 1/2 to 102; Eastman Kodak rose to 92 1/2; Union Carbide 2 1/2 to 54 1/2; and Walt Disney 2 1/2 to 62 1/2.

Johnson & Johnson rose 3 1/2 despite the incidents surrounding its Extra-Strength Tylenol product.

McDonald's climbed 4 1/2 to 60 1/2 after a delayed opening. Trading in the stock was halted Thursday amid reports of a link between hamburger meat and a newly recognized intestinal disorder.

U.S.-EC Steel Dispute Appears Near Solution

By Clyde H. Farnsworth

New York Times Service

WASHINGTON — The United States and Western Europe are close to settling their 10-month trade dispute over steel, according to industry and government sources.

Under the arrangement, which is subject to final approval by European and American producers, European governments would establish quotas to keep shipments at around 5 percent of the overall U.S. market, an American industry official reported. Last year European steel products accounted for 6.3 percent of the American steel market.

"I have some real hope that this thing will be worked out," said Commerce Secretary Malcolm Baldrige, who negotiated a basic agreement Aug. 6 with the European Community industrial commissioner, Etienne Davignon, only to have it turned down by the American industry.

Despite the rejection, domestic producers led by the United States Steel Corp. have continued to propose settlement formulas that have been passed on by Mr. Baldrige to the Europeans, industry sources reported. Mr. Baldrige said there

would be no renegotiation of the Aug. 6 agreement, but added that "there could be some minor changes that we will consider."

A spokesman for U.S. Steel declined comment, but John C.L. Donaldson, spokesman in Washington for Eurofer, the steel federation of the European Community countries, said the group "remained hopeful" of an agreement.

The Aug. 6 arrangement would have scaled back EC shipments to 5.76 percent of the U.S. market in 11 basic product lines such as carbon steel plate, hot rolled sheet and bar products.

The domestic industry sought broader coverage that would include higher quality alloy steels, and according to one industry official an agreement has now been reached at the technical level covering the alloy share of each of the 11 product lines.

A second main stumbling block had been failure to include pipe and tube products used mainly by the oil and chemical industries in the quota arrangements. These products accounted for about one-third of the 6.5 million tons of steel the Europeans shipped to the United States in 1981.

The EC Commission is negotiat-

ing a pipe and tube accord with the Commerce Department, and a high U.S. industry official said it was possible that the two sides would reach agreement by the end of next week.

There were reports that the EC Commission would propose a system of statistical surveillance on tube and pipe exports.

Oct. 15 is considered a deadline for reaching agreement because that is the day the U.S. International Trade Commission is scheduled to make a final determination on whether the American industry has suffered injury as a result of imports.

It is widely expected that the quasi-judicial commission will find injury; if it does, this triggers punitive duties against European countries under trade cases filed by the U.S. industry in January.

The Commerce Department has already ruled that steel imports from Britain, Italy, France and Belgium are heavily subsidized by their governments in violation of U.S. trade laws. But three other EC nations — West Germany, the Netherlands and Luxembourg — were either cleared of the unfair trade charges or found to be subsidizing steel by insignificant amounts.

Countervailing duties equal to

the amount of the subsidization would be imposed against the countries that are unfairly selling steel.

Specialty steelmakers would get little protection under the agreement. Specialty steel companies export expensive, high tolerance steel, such as stainless or tool steel.

The specialty steel industry in the United States on Thursday urged President Ronald Reagan to include specialty steels in a negotiated settlement with the Europeans.

Stainless flat rolled products are included among the 11 basic sectors to be covered by any negotiated settlement. But other key sectors of the specialty steel industry — stainless bar and rod and tool steel — would not be helped by the agreement.

Complaints Filed Against U.K.

The United Steelworkers of America and U.S. steel manufacturers said Thursday that they had jointly filed cases with the Commerce Department and the International Trade Commission charging the British government with illegally subsidizing exports of various specialty products. Reuters reported from Washington. The actions seek duties on imported stainless steel sheet, strip, and plate steel.

CURRENCY RATES

Interbank exchange rates for Oct. 8, excluding bank service charges.

	\$	£	D.M.	F.F.	Y.F.	Y.F.	Y.F.	Y.F.	Y.F.
Amsterdam	3.74	4.49	109.18	4.84	2.02	—	—	—	—
Brussels (N)	4.84	5.49	139.15	5.44	2.02	—	—	—	—
Frankfurt	3.36	4.29	109.15	4.84	2.02	—	—	—	—
London (S)	1.71	—	—	—	—	—	—	—	—
Nairobi	1,425.85	2,408.10	—	—	—	—	—	—	—
Paris	6.55	7.49	193.85	6.84	2.02	—	—	—	—
Porto	2,123	13,172	282.87	—	—	—	—	—	—
Zurich	2,123	2,676	83.29	—	—	—	—	—	—
1 ECU	0.93	0.94	—	—	—	—	—	—	—
1 ECU	1,074.46	6,256.28	2,769	7,454	1,267.29	2,594	52,541	2,295	1,075

	\$	£	D.M.	F.F.	Y.F.	Y.F.	Y.F.	Y.F.	Y.F.
Swiss	0.94	—	—	—	—	—	—	—	—
Australian	1.053	—	—	—	—	—	—	—	—
Austrian Schilling	13.76	—	—	—	—	—	—	—	—
Belgian Franc	3.40	—	—	—	—	—	—	—	—
Canadian	1.230	—	—	—	—	—	—	—	—
Danish Krone	6.46	—	—	—	—	—	—	—	—
French Franc	6.55	—	—	—	—	—	—	—	—
German Mark	4.84	—	—	—	—	—	—	—	—
Italian Lira	2,036	—	—	—	—	—	—	—	—
Japanese Yen	163.6	—	—	—	—	—	—	—	—
Spanish Peseta	166.6	—	—	—	—	—	—	—	—
Swedish Krona	4.66	—	—	—	—	—	—	—	—
Swiss Franc	0.94	—	—	—	—	—	—	—	—

(*) Commercial bank rates. (**) Amounts needed to buy one pound. (†) Units of 100. (‡) Units of 1,000.

IH Bid for Concessions May Fall on Deaf Ears

Reuters

DETROIT — Several major suppliers of International Harvester probably will not agree to concessions that Harvester has said are a prerequisite for its proposed debt restructuring.

The suppliers, surveyed by Reuters, said they had doubts about whether they would be repaid if Harvester filed for bankruptcy.

Harvester has asked its suppliers for \$50 million to concessions, including price freezes, payment-term extensions and purchases of debentures.

The suppliers said they were shocked by a Harvester disclosure

Wednesday, in a proxy statement to shareholders, that it might be forced to file for bankruptcy if all of its 193 creditors do not approve terms of the restructuring.

Harvester has about 20 major suppliers and hundreds of smaller ones.

Some of the major suppliers said that Harvester representatives have approached them seeking concessions including price freezes through the year ending Oct. 31, 1983, doubling of payment terms from the normal 30 days, and purchases of debentures.

Smaller suppliers said the firm

(Continued on Page 11, Col. 6)

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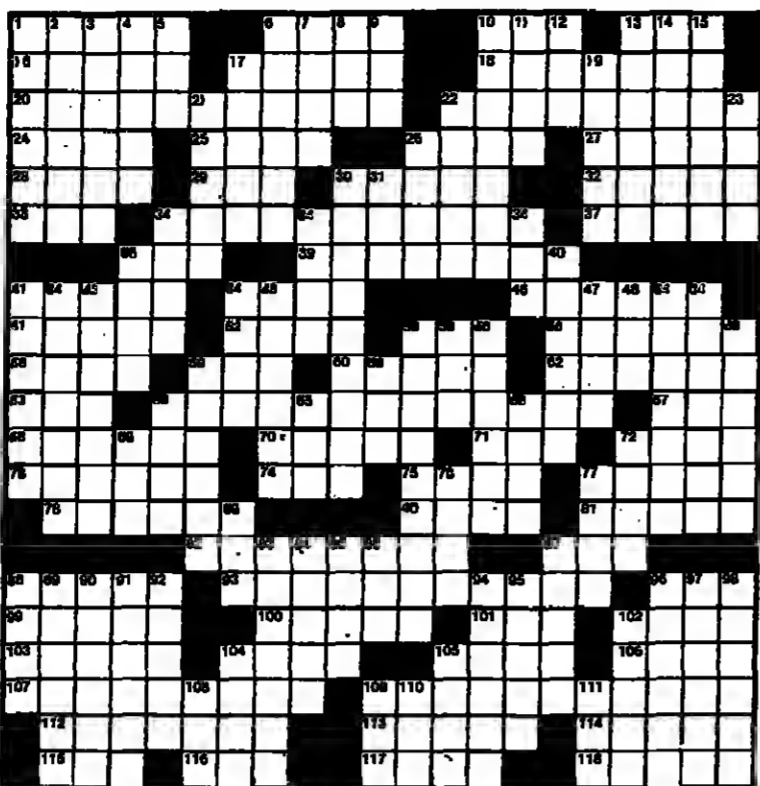
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CROSSWORD PUZZLE

Mark My Words By Alfio Micci



ACROSS

1 Unbending
2 Reduce
3 Greek letter
13 Singular
16 Correct
17 Prospero's servant
18 One used
20 Receipts of a kind
22 Classroom personnel
24 Ionian gulf
25 Mrs. Mahler
26 Streeter's "Maible"
27 Book of Hours
28 Honey buzzard
29 Family follower, in banks
30 Submerge
32 Type of oyster
33 Saw's pad
34 Make sure
37 Nuclear particles
38 "I" from bars
39 "Israel in Egypt," for one
41 Cold
44 "diminutive"
46 Aromatic spice
51 Letter stroke
52 Prefix for date or code
53 Legal matter
56 Leather worker
58 Champ in 1934
59 Riv. boat
60 Exhausted
62 Curb
63 Energy unit
64 Berlin divider
67 Greek under-grounders
68 Trap setter

DOWN

1 Summaries
2 Ion of Istanbul
3 The upper class
4 Quechua
5 Course for a future g.p.
7 Amos's son
8 Impact again
9 Overhead
10 Casanova type
11 Table d'
12 Contained
13 Passenger bird
14 Plant
15 Part of F.D.R.
17 Historian
19 Old Irish alphabet
21 Trimmer's birthplace in Mo.
22 Greeting for a future g.p.
23 Witnessed
26 Obligation
28 Mass. city
31 Mao's successor
34 Homophone for Chekhov
35 Admonitory word
36 Sign the register
38 Rouge's counterpart
40 Win at an auction
41 "as possible"
42 Erudite
43 Picaresque
44 Western alliance
45 Green
47 Sped
48 "Après" in défilé
49 Getting on
50 Glutinous material
53 Gain further potential
54 Alfonso's queen
56 Amble
57 Transformed
59 Coverlet
61 Agt.'s cue
64 Nixon's spouse
65 Never, in Boon
66 River in W. Germany
72 Hang-glide
73 Swift man
77 Evans and Dax
78 Permit. Abbr.
83 Quake
84 Engine knocks
85 Head of a tale
86 Tar's milieu
87 U. of Maine locale
88 Verily before proceeding
89 Stickers
90 Jeanne de la Fontaine
91 Large bound
92 Hunter on high
94 Defeats in chess
95 Play the part
96 Coach
97 Hospital figure
98 Saws cards at night
102 "Armas, Chile"
104 Marine flier
105 Choose what is choice
108 Objective
109 Medical examination
110 "Clear Day"
111 Function

Solution to Last Week's Puzzle

ACROSS
1 UNBENDING
2 REDUCE
3 KAI
13 SINGULAR
16 CORRECT
17 CALIBAN
18 ONE USED
20 RECEIPTS OF A KIND
22 CLASSROOM PERSONNEL
24 IONIAN GULF
25 MRS. MAHLER
26 STREETER'S "MAIBLE"
27 BOOK OF HOURS
28 HONEYBUZZARD
29 FOLLOWER, IN BANKS
30 SUBMERGE
32 OYSTER
33 SAW'S PAD
34 MAKE SURE
37 NUCLEAR PARTICLES
38 "I" FROM BARS
39 "ISRAEL IN EGYPT," FOR ONE
41 COLD
44 DIMINUTIVE
46 ANISE
51 LETTER STROKE
52 PREFIX FOR DATE OR CODE
53 LEGAL MATTER
56 LEATHER WORKER
58 CHAMP IN 1934
59 RIVER BOAT
60 EXHAUSTED
62 CURB
63 ENERGY UNIT
64 BERLIN DIVIDER
67 GREEK UNDER-GROUNDERS
68 TRAP SETTER

DOWN

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WEATHER

	HIGH	LOW		HIGH	LOW
ALABAMA	19	14	MISSISSIPPI	19	14
ALASKA	25	17	MINNESOTA	25	17
ARIZONA	21	16	MISSOURI	21	16
ARKANSAS	21	16	NEBRASKA	21	16
CALIFORNIA	24	17	NEVADA	24	17
COLORADO	24	17	NEW HAMPSHIRE	24	17
CONNECTICUT	24	17	NEW JERSEY	24	17
DELAWARE	24	17	NEW MEXICO	24	17
DISTRICT OF COLUMBIA	24	17	NEW YORK	24	17
FLORIDA	24	17	NORTH CAROLINA	24	17
GEORGIA	24	17	NORTH DAKOTA	24	17
IDAHO	24	17	OHIO	24	17
ILLINOIS	24	17	OKLAHOMA	24	17
INDIANA	24	17	OREGON	24	17
IOWA	24	17	PENNSYLVANIA	24	17
KANSAS	24	17	RHODE ISLAND	24	17
KENTUCKY	24	17	SOUTH CAROLINA	24	17
LOUISIANA	24	17	SOUTH DAKOTA	24	17
MAINE	24	17	TENNESSEE	24	17
MARYLAND	24	17	TEXAS	24	17
MASSACHUSETTS	24	17	UTAH	24	17
MICHIGAN	24	17	VERMONT	24	17
MINNESOTA	24	17	VIRGINIA	24	17
MISSISSIPPI	24	17	WASHINGTON	24	17
MISSOURI	24	17	WEST VIRGINIA	24	17
NEBRASKA	24	17	WISCONSIN	24	17
NEVADA	24	17	WYOMING	24	17
NEW HAMPSHIRE	24	17			
NEW JERSEY	24	17			
NEW MEXICO	24	17			
NEW YORK	24	17			
NORTH CAROLINA	24	17			
NORTH DAKOTA	24	17			
OHIO	24	17			
OKLAHOMA	24	17			
OREGON	24	17			
PENNSYLVANIA	24	17			
RHODE ISLAND	24	17			
SOUTH CAROLINA	24	17			
SOUTH DAKOTA	24	17			
TENNESSEE	24	17			
TEXAS	24	17			
UTAH	24	17			
VERMONT	24	17			
VIRGINIA	24	17			
WASHINGTON	24	17			
WEST VIRGINIA	24	17			
WISCONSIN	24	17			
WYOMING	24	17			

Readings from the previous 24 hours.

BOOKS

THE EDUCATION OF DAVID STOCKMAN AND OTHER AMERICANS
By William Greider. 1259 pp. Paperback, \$5.95.
Dutton, 2 Park Avenue, New York, N.Y. 10016.

Reviewed by Harold Evans

WILLIAM GREIDER, in case anyone has forgotten, is the journalist who told us two and one were put together in President Reagan's 1981 budget and, surprise, surprise, made three instead of the four every supply-side economist had calculated. Greider's account of how the budget became unbalanced was published as a long article in *The Atlantic* in which he related the plights of David Stockman, director of the Office of Management and Budget, journeying with his theories and his figures from the Valley of Hope into the Slough of Despond. "None of us," Stockman told Greider, "really understands what's going on with all these numbers," sending a deliciously shocking thrill across a nation that had begun to feel as ignorant as a hog and didn't dare to grunt.

It is the reaction to his Atlantic article that has induced Greider to offer this book. It includes his Atlantic material, which is useful, but it is notable for two critical essays in which Greider reflects on the education he received when he was caught in the whirlwind of the news media. Why was everybody shocked? Leave aside the question of whether Greider betrayed a trust established during his nine months of conversation with Stockman; he gives an honorably convincing account of the arrangement: "I would use him and he would use me." The real question is why there was such a gap between what government was up to with the budget wrangle and the public understanding of reality. Because government kept everything secret? That would be the normal sequel of the argument from a journalist. But dog bites dog. Greider does finger government but his main bill of indictment is against himself and his professional colleagues.

Newspapers and broadcasting give the "news," but much of it about government does not make sense to most people. It has no context, no explanation. It is event on event, episode on episode, a scatter of sparks but not an electric current.

And it is written in code. The bureaucracy and the politicians send signals to each other through the press. In veiled references, spokesmen, sources canvass policies without commitment, undermine opponents without confrontation and offer alliances without the embarrassing risk of public rejection. The press more or less knows the reality but muffles and moderates the messages so as to respect confidence and keep the game alive. It all makes sense to the elite but gives no coherence, no understanding, to the outsiders.

How else, asks Greider, can anyone explain why Stockman's ruminations were so stunning? Greider says he had imagined that anyone who had followed the budget story would find his article interesting but not astounding. It could have been seismic only because the proliferation of daily stories had splintered the reality; only the comprehensive narrative, decoded, enabled people to understand what had been going on.

But in identifying a universal curiosity Greider displays an optimism which is uniquely American. He suggests that as the nation becomes aware that government does not know, citizen confidence and power will be increased and truer, more populist democracy will emerge.

I like the thought, but I wouldn't put money on it.

Harold Evans is the former editor of the *Sunday Times* and *The Times* of London. He wrote this review for *The Washington Post*.

English Treasures Of Arms, Armor On Show In U.S.

CINCINNATI — Cincinnati Art Museum officials have unveiled a multimillion-dollar display of "Treasures from the Tower of London," the first time the collection of arms and armor has been outside England.

"Many of these pieces are considered national treasures in England," said the museum director, Millard Rogers, as he conducted a press preview of the 111 pieces, which date from the 14th through the 19th centuries.

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

KORPE
TILMI
COLKUN
ERPICH

Answer here: _____ TO _____

Yesterday's Jumble: HYENA BASIC ADMIRE GENTRY
Answer: He felt like this after his laundry finally came back—A CHANGED MAN

DENNIS THE MENACE



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هكذا من الأهل

